Daily Report

Latin America

FBIS-LAT-92-173
Friday
4 September 1992

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FBIS-LAT-92-173 *4 September 1992*

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NOTICE TO READERS: An * indicates material not disseminated in electronic form.

NOTICE TO READERS: Reportage on the 10th Nonaligned Movement Summit, held in Jakarta, Indonesia from 1-6 September 1992, will be published in a series of special East Asia DAILY REPORT supplements.

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Brazil

According to O GLOBO, President Collor is "studying a way to replace Secretary of Government Jorge Bornhausen and Justice Minister Celio Borja and he is "examining alternatives" in the event Economy Minister Marcilio Marques Moreira's "situation in the government worsens." Although the three ministers have "been calling for his resignation," Collor has not dismissed them "because he is politically weakened," however, he wants to have the names of the replacements "ready to be appointed at any moment." Press Secretary Etevaldo Dias "denied" news reports that Collor was considering a cabinet reshuffle, Brasilia radio reports. Ministers Marques and Borja met with the president and "worked normally," he stated.

Brasilia radio reports Secretary of Government Jorge Bornhausen told President Collor the government "has more than the 168 votes needed to defeat" the impeachment process in the Chamber of Deputies, "even if the voting is not secret." He also told Collor the "final vote by the Chamber will not occur before 30 October."

O GLOBO reports Planalto Palace believes "impartiality was broken" in Chamber of Deputies President Ibsen Pinheiro's speech upon "receiving the impeachment request" submitted by Brazilian Press Association President Barbosa Lima Sobrinho and Brazilian Attorneys Association President Marcelo Lavenere. Planalto "wants to request that Deputy Pinheiro be removed from leading the impeachment process" because he should "not have made comments indicating prejudgment."

Odacir Soares, Liberal Front Party [PFL] deputy leader in the Senate, accepted Collor's "invitation" to replace Senator Marco Maciel as the new government leader in the Senate. The PFL is the president's "main bloc of support in Congress," he noted, and it continues to "firmly defend President Collor's administration and his mandate." Soares said he sees "no conflict in my appointment."

Haiti

Bonaire radio reports on the meeting at the OAS in Washington. Foreign Minister Francois Benoit stated "his government wants to find common ground with the representative of ousted President Jean-Bertrand Aristide" and hopes "a mutually acceptable solution to Haiti's situation could be built upon such ground." In reaction to Prime Minister Bazin's statement to the OAS that his meeting with Aristide "is an unavoidable solution to Haiti's current crisis," Hubert de Ronceray, Mobilization for National Development [MDN], has said the statement "cannot bind the government" and it is "within the scope of the prime minister's personal relations." De Ronceray threatened "to leave the consensus government if Bazin begins negotiations with Father Aristide on behalf of the government."

Cuba

Castro Speaks at Polytechnical School

FL0309210092 Havana Radio Rebelde Network in Spanish 0039 GMT 3 Sep 92

[Speech by President Fidel Castro at a ceremony to mark the start of the school year, at the Ejercito Rebelde Food Industry Polytechnical School in Havana on 1 September—recorded]

[Text] Comrades: I was not supposed to speak, but in order not to appear indifferent to your interests here, I am going to say a few words, but not give a speech. I have tried to recall what remains to be said after the things that have been said here, after Matico, the vice director of the contingent, spoke, and then school Director Espinosa spoke, and then the minister of education spoke.

This school has a history connected with the creation of the scientific hub to the east of Havana. The Ejercito Rebelde Institute or Polytechnical School was installed in a building that existed at the triumph of the revolution and had been a school for the bourgeoisie and the rich. There was a group of houses around the school which belonged to people who emigrated. We took the houses and annexed them to the school. From what the director said, this institution has functioned for 32 years. The Ejercito Rebelde School was in the middle of the scientific hub. The School of Pharmacy was moved close to that school, where there had been a management school, or the second center for the School of Pharmacy and Foods was created. It was very much linked with all the factories that were being built around there. Pharmaceutical factories are being built around the Ejercito Rebelde School. The CIMEQ [Medical-Surgical Research Center] research hospital has been built. The Nervous System Transplant and Rehabilitation Center is there. The monoclonal antibodies center is being built. That is another important research and production center. Thus, that area is being filled with research centers and factories.

On the other hand, they were completing....[rephrases] It should already be completed; I am told it will be finished in two months. In two more months? Of course, I knew he was going to say that. Everything will always be finished in two more months, at least. But after many years of work in that isolated place, but chosen especially for it, a major food industry research center is being completed. So it seemed more reasonable to us to turn that facility into a research center linked to those that were being built, that had been created there, and to use those buildings instead of building a new research center; and to build the food industry polytechnical school here next to the food industry research center. So you have moved to where you had to be located. You are close to what is not only the most important food industry center in our country, but I am sure it is also the most important and most developed food industry center in all of Latin America. So this polytechnical school has been located close to this food industry center.

But not only that. A plant for essential oils, [words indistinct] etc., is being built, being finished near here. It was stored in crates for some years. It had come from the GDR. We decided to unpack all that and build the center. It is also being completed. It is a very important center. But next to that center, we are going to continue to build biotechnology facilities. So another area will be developed here; in addition to scientific research centers, there will be areas for research and production. It is really an ideal place to locate this food industry polytechnical school. This is why, even in difficult conditions, and since we have to do this construction and develop this field, we decided to draw up a rush project and make the Blas Roca Contingent responsible for building this polytechnical school. They accomplished this. They completed the school in time for the start of this school year.

Science has gained a lot. Well, I am not too sure that science has gained a lot; I think you have gained a lot, because you have a new school, designed and planned expressly to be a polytechnical school for the food industry. It has a large area next to a very important research center and next to another factory similar to this one which is being built. What was left for science? Well, it was left with the old Ejercito Rebelde Polytechnical School. I went by there yesterday, really, because it was in the stage of being handed over. I think (EMPROVA) [expansion unknown] was going to work there, because they were going to make it a research center and a health facility which is going to bring in substantial income for the country.

But there is nothing there. Everything must be done there. The fact is that the business is not very big. If we had given Brigade No. 29 the job of building what we want there, it would already be built. Now, you have moved here, cool as cucumbers, happy, we could say, and what was left there was ruins. There are weeds that are almost taller than the houses around there.

To tell the truth, I came here in a critical mood, but I do not want to spoil your fun on this day. Do you understand? I went there in the afternoon and asked: Who is taking care of this place? There was a guy there who said he was waiting for four CDP's [expansion unknown]. I asked him: What are you going to be taking care of? That man did not even know what he was supposed to be taking care of. I immediately complained to the comrades in charge of these things and told them: They are going to steal even the building.

I went in and explored the building. I saw the results of certain periods of indiscipline and irregularities. Houses that were given away and were occupied by neighbors. Now we have to confront the problem of how to use those houses. We have to find apartments—in this time of the special period—in order to use that place the way it should be used. Because we have to use the building of the Ejercito Rebelde School and the houses surrounding the school, but not all of them are empty. Some of them are occupied, and improperly so. But I am not going to

blame the people living in them, but the weakness, the lack of will, and the populism of those who gave away those facilities which belonged to the institution.

The school moved everything out. Of course, I totally agree with moving the laboratories, the microscopes, and every piece of equipment I have seen here, because I have been told many of them were there in the school. Not even the light fixtures were left there. The thieves must not be happy, because the school removed every light fixture. I do not know if there was a light bulb shortage in this region or what, but the fact is that they took away even the bulbs. The only good thing is that there were some teachers and workers who last night and even this morning were still taking care of the place.

I was so concerned by the ruins you left there, and what the lumpen might do with an abandoned site like that, that I returned that night at approximately 0100. I told myself: Let me see how things are at the Ejercito Rebelde School. At the entrance I found two comrades. I am not going to describe them because I am always sorry to have to describe people. But I believe that if a gang were to show up in a truck to take what was left there, these two at the entrance would never realize what was going on. I am absolutely sure about that. That is what I want to say about the two little comrades that (EMPROVA) had sent over there. Later, I found an alert sentinel from a nearby Revolutionary Armed Forces Ministry School. He was truly on his toes. I told him: Help to keep an eye on this place. I told him to please help guard that place.

Today, prior to coming here, I went by there again. I entered the building to see what condition it was in. I had gone there a long time ago. The building has good architecture, but what remains is the lines, the architectural design. I saw the sports field. I think there were still a few foreign students there. I truly do not think we are teaching them very well because I can assure you, comrades, that today you could operate a dairy farm at the school's sports fields. The grass is as tall as I am. I do not know what the students did during their vacation, but they did not play football. I am sure of that. They did not play baseball. The grass is very high. It makes you feel a little ashamed. I know that you have moved. You took everything but you did not even cut the grass in the sports fields. One feels a little ashamed when one sees this situation and things with certain workers that were still there to take care of the place.

We have decided to send Brigade No. 29 to rebuild that facility—the brigade that completed this school—and make a full circle. Since they built the new school, let them rebuild the old one. It is difficult to imagine what it was like before if you see its present state. The houses need to be vacated and remodeled. The laboratories have to be installed in a matter of months. In no more than six months we must establish the Medical Ozone Research Center. It is a very promising modern technology in the field of human health. The center is going to be installed there. Thus, there is a lot of work ahead to remodel the houses—there is a small complex there—for the research center. We must remodel houses for patients, and remodel or reconstruct the old building as a hospital facility. It will not have certain facilities typical of a hospital, but since it is near the ozone center and the CIMEQ, as well as very close to another hospital in the area, the Nervous System Transplant and Rehabilitation Center, it will not need to have certain facilities, but it will house patients who are going to the various nearby institutions.

This is what we want and have to turn the former Ejercito Rebelde School into, within the scientific hub. Of course, this school also belongs to the scientific hub. In other words, this food industry research center is part of the scientific hub to the west of Havana. There are also some related facilities which are not in the western region. Some are even to the south or southwest of Havana, such as the Center for Production of Laboratory Animals or the Biological Products Center, which are also part of the hub. East of Havana, there is also the ICIDCA [Cuban Institute for Sugarcane By-Products Research], a sugar industry research center which also belongs to the scientific hub. Some facilities which are not exactly in the west belong to the western scientific hub. Most of the facilities are in the west, including this food industry research center.

The comrades of Brigade No. 29 have really worked very well, as we must work in this period. But not everyone works as this period requires. The truth has to be told. There has been coordination—as the contingent leader mentioned—among all the organizations which made it possible to complete this facility. Few school facilities have been completed, but some have been completed: special schools in the eastern provinces, some childcare centers, some schools such as this one which are related to science.

Unfortunately, we have had to suspend, halt important programs related to education in terms of school construction due to the difficulties that we are experiencing. There was a whole program of childcare centers which had to be suspended, a whole program of new special schools which had to be suspended, a whole program of university facilities which had to be suspended, and a whole program of vocational schools which had to be suspended. It hurt deeply to have to halt so many of the things which we were doing, but with all the courage, all the dignity, and all the equanimity necessary we have halted them in order to prioritize those efforts—the food program, biotechnology, the pharmaceutical industry, tourism projects—which generate income for the country. This is what the country needs above all.

This is not only an educational project, because it frees up that facility on which we are going to work next and which will yield important earnings for the country. This is why it was said here that this school has to be well cared for. What can I say to the principal, to the teachers? I have found here a good principal. I have found very good teachers in the classrooms. I find the students here. I wanted to criticize even these students,

who are actually new, but not for their faults but for the faults they might have in the future—a preventive critique, you could say.

Now you have a great facility, very functional, very pretty, and you have to truly take care of it. I see trees, green areas. I hope that all this does not become full of weeds. I see flowers, gardening, sports fields. I hope that in the future these sports fields will not serve as a dairy farm. There is a dairy farm very near here. Over there, you had another one across the street. That is where the grass should grow. I say: May the grass grow in the dairy farms, not in the sports fields. May the grass grow in the dairy farms, not in the schoolyards.

There are certain things schoolyards should have in them: trees that beautify them, and in the open areas they should have self-sufficiency plots. I am told that there is an agricultural polytechnical school near here, and that you can reach some kind of agreement with that school. I am told there are several hectares of land available on which to produce part of what you consume.

You cannot allow yourselves to become accustomed to always being given things to having someone bring you everything, provide you with everything. I have seen this at certain institutions, seen how certain institutions have become accustomed to having someone deliver everything to them. No, you must become accustomed to producing at least part of what you consume. It is embarrassing that sometimes a school with hundreds of students and one hectare of land and to see that that land is not even farmed, not even cleared, despite the number of strong arms and the amount of energy available to do this. I do not blame the kids. I blame the directors of those institutions.

I do not blame the kids but rather the teachers of those institutions, for that is not the way to educate young people with regard to work. That is not the way to teach young people how to do their duty. Life cannot consist exclusively of partying and carousing.

I know you people had some loudspeakers somewhere, around the old school, and that certain students used to use them, making quite a lot of infernal noise right next door to the hospital. Because some people do not seem to have the slightest notion of the amount of noise they are making, nor do they seem to care about other people's eardrums, or other people's tastes. In this regard, we sometimes behave like an ill-bred, uncivilized people. It seems that certain foreign students had asked for a little pocket money to buy themselves a few tape recorders and things like that, and they made huge amounts of noise.

I hope order will prevail here, that you will not forget that this is a research center, that one cannot party every single day and every single night, that there must be a spirit of inquiry prevail here, and a desire to study and work. There must be sobriety. I repeat: When this does not exist, it is the fault of the directors, who are not being strict enough, and the teachers, who are not demanding enough of the students.

That is why I have taken these few minutes to make a few reflections on these matters, and to advocate high standards and taking care of what we already possess, and looking after the way this school operates. We will continue to follow its operations attentively. The workers who worked on it are also going to monitor the operations of this school, as is the party and the Ministry of Education, so that this school will be truly exemplary not only in its construction, its design, its beauty, and its laboratories. It must also be a model educational center, a center for true education, education such as our population should aspire to.

You can see what kind of an effort is being made, what an incredible effort at such a difficult time, amidst the tremendous difficulties that our country is confronting, in order for us to be able to say today, at the opening of the school year, that in Cuba not a single teacher or professor has been left without a school during this school year now beginning; that in Cuba, not a single child or teenager has been left without a school to attend or a teacher to teach him. This should make us feel truly proud. This shows our people's fighting spirit, energy, and determination; the solidarity our people deserve; the respect our people merit. This shows why we say: Socialism or death, fatherland or death, we will win! [applause]

'Unsuitable' Railroad Workers Leave Sector

FL0309193792 Havana Radio Rebelde Network in Spanish 1700 GMT 3 Sep 92

[Text] As a result of the process of suitability applied to railroad workers, 2,420 workers have been found to be unsuitable. Of this figure, 2,190 workers have already left that sector.

Crimes Down Due To Preventive, Vigilance Work

FL0309210592 Havana Radio Reloj Network in Spanish 1948 GMT 3 Sep 92

[Text] The reduction of crimes reported up to August in Jaguey Grande Municipality, Matanzas Province, is the result of preventive and vigilance work done in that province. By the end of August, 500 fewer crimes had been reported than in the same period last year. According to Noel Martinez, the main crimes are the slaughter of cattle, bicycle theft, and the illegal sale of products.

Commentary on Cuban Proposals at Jakarta Summit

PA0309185992 Havana Radio Havana Cuba in Spanish 0000 GMT 2 Sep 92

[Roberto Morejon commentary]

[Text] In Jakarta, capital of Indonesia, the members of the Nonaligned Movement [NAM] can obtain satisfactory results in the process of unity and cooperation that this group of nations has been promoting since its foundation.

The excellent framework offered by the host country of the 10th NAM Summit inaugurated on 1 September should favor the drafting of a coherent platform that can more effectively defend the real interests of the South in the future.

The NAM urgently requires a change of course after the impasse of the past period caused by internal problems in Yugoslavia, which headed the movement, and the attempts by capitalist powers to minimize the role of the organization created in 1961.

The participants in the Jakarta summit are faced with the responsibility of considering strengthening a new world order designed by the United States that does not contemplate a relevant role for the NAM countries in the international arena. Ending that passiveness was one of the proposals made by the Cuban delegation to the summit, in addition to the concept of the necessary unity of action to democratize UN structures.

Alcibiades Hidalgo, Cuban first vice minister of foreign relations, said that any transformation within the United Nations will face the emergence of autocratic powers. Although not all members have openly expressed their opinion, the truth is that many of the delegates meeting in Jakarta have bitterly commented on the possibility that the UN Security Council could receive special powers that could be used by the super powers against developing nations.

Cuba regards as essential the principles of respect for sovereignty and equality as the basis for international law, which in fact is being trampled on at this very moment, when the United States, the UK, and France have imposed a so-called no fly zone in Iraq. The criteria of limited sovereignty, officially condemned by Cuba when stating its position regarding the case of Iraq, could be institutionalized before the NAM body unless its 105 members meeting in Jakarta assume a firm position rejecting the maneuvers linked to the new international order.

Inter-Caribbean Affairs

Compton Complains of 'Limited Progress' on CET

FL0309193892 Bridgetown CANA in English 1711 GMT 3 Sep 92

[By Peter Richards]

[Text] Castries, St. Lucia, Sept. 3, CANA—St. Lucia's prime minister, John Compton, on Thursday [3 September] complained of limited progress on the Caribbean Community's [Caricom] controversial Common External Tariff (CET).

"Already I detect disharmony in the consideration of a Common External Tariff even before the committee appointed by the heads of government has reported," he said at the opening of the Eastern Caribbean Central Bank's third annual conference here.

Compton said that the disharmony was being fueled "by external forces to satisfy their own ends." He warned that "another year will go by while we deter our sunrise."

Caricom leaders at their last summit in Trinidad and Tobago in July had appointed a committee to review the CET, which was originally due to have gone into operation in all member states nearly two years ago.

The review followed complaints by some member states that the existing range of tariff, from zero to 45 percent was too high. The member countries of the Organisation of Eastern Caribbean States (OECS) and Jamaica presented differing tariff-rate proposals at the Port of Spain meeting.

A copy of a document obtained by CANA shows that the review committee is recommending that a new tariff structure, ranging from 5 to 35 percent be adopted by all member states. The new CET proposals are to be discussed by regional leaders in Port-of-Spain, October 28-30.

Compton told the meeting here attended by bankers from throughout the Caribbean, Britain, the United States, and Canada that the region needed to get its act together quickly.

"If the Caribbean is to participate in the new trading agreement and influence the outcome, it is necessary for us to streamline and harmonise our economic and fiscal policy.

"The West Indian Commission has called this the time for action. The time for action is now because the world is not waiting for our sunrise," Compton said.

Compton, a strong regionalist, said that the region's prospects for socio-economic growth would depend on its ability to pool resources and "face the external forces as a region with common financial and economic policies." He said the world situation was rapidly changing and the region must either "get in line or be sidelined."

"We in the OECS have on many occasions used our arrangements and the need for a regional consensus on major policy matters as a defensive mechanism against the outside world and this has served us well. Had such a mechanism been employed by the individual countries of the Caribbean Community.... The quagmire into which we now find ourselves may have been avoided," he remarked.

Compton said that the Treaty of Chaguaramas, establishing Caricom, had given the region a 20 year head start in co-operation, "but we have, through disunity, frittered away any advantage we had and must now be groping our way as the world presents challenges to

which we as a region are ill-prepared to respond and as individual countries we are helpless to meet."

Dominican Republic

* Jan-May Import Taxes Total 1.64 Billion Pesos

92CA0193C Santo Domingo EL SIGLO (Financial Section) in Spanish 7 Jul 92 p 1-D

[Report by Jose Mercedes Feliz]

[Text] During the first five months of 1992, the government collected about 1.642 billion pesos through the 15 percent foreign exchange surcharge on imported goods and the fuel differential tax, which represents a 58.9 percent increase over the same period in 1991.

According to data from the National Budget Office (Onapres), revenues during January-May 1991 amounted to 1.0329 billion pesos.

Foreign debt payments during the first five months of 1992 were 525.6 million pesos, under the terms of the IMF agreement. During the same period in 1991, foreign debt payments were 295.9 million pesos. Revenues from the foreign exchange surcharge and the fuel differential tax allowed foreign debt payments to be made in local currency, which was the purpose of these taxes.

In addition, the demonetization program during the first quarter continued behind schedule in the amount of 1.0348 billion pesos. During the first four months, 1.0746 billion pesos were demonetized.

In January 1991, revenues from the 15 percent foreign exchange surcharge amounted to 67 million pesos; in February, 62.1 million pesos; in March, 65.4 million pesos; they dropped to 50.9 million pesos in April and 50.5 million pesos in May.

Revenues in January 1992 from the 15 percent foreign exchange surtax were 85.7 million pesos. In February they amounted to 82.3 million pesos. In March they reached 107.6 million pesos, and in May they totaled 107.7 million pesos. This latter figure is preliminary.

In 1991, revenues from the fuel differential tax amounted to 136.9 million pesos in January, 138.8 million pesos in February, 161.4 million pesos in March, 175.8 million pesos in April, and 124.1 million pesos in May.

In 1992, the fuel differential tax brought in 110.3 million pesos in January and 149.1 million pesos in February. It continued to rise in March to 156.1 million pesos, in April to 210.2 million pesos, and in May to 520 million pesos.

The continuous increases in revenues from the fuel differential tax are due to a constant decline in the price of the barrel of oil.

According to statistics from Onapres, in January 1992 the government paid out 11.5 million pesos to subsidize liquid gas. It paid 22.2 million pesos in February, 29.9 million pesos in March, 23.1 million pesos in April, and 23.6 million pesos in May, for a total of 110.3 million pesos.

The increase in the cost of the liquid gas subsidy is due to a rise in the consumption of the fuel during the first four months of 1992, compared with the same period in 1991.

In addition, revenues from the foreign exchange surcharge are expected to decrease when the rate drops from 15 percent to 10 percent, after the Tax Code goes into effect.

Haiti

Benoit Comments on Washington Meeting

FL0309133492 Bonaire Trans World Radio in English 1130 GMT 3 Sep 92

[Text] The two sides in talks on Haiti's political crisis will meet again today at the Organization of American States in Washington. They had no comments after three hours of meetings yesterday. However, yesterday morning, Haitian Foreign Minister Francois Benoit said his government wants to find common ground with the representative of ousted President Jean-Bertrand Aristide [words indistinct]. Mr. Benoit expressed hope that a mutually acceptable solution to Haiti's situation could be built upon such ground. He said his government is determined to see democracy developed in Haiti.

MDN Will Leave If Bazin Meets Aristide

FL0309172292 Port-au-Prince Radio Soleil Network in Creole 1100 GMT 3 Sep 92

[Text] Concerning Prime Minister Marc [Bazin's] letter to the OAS secretary general stating that his meeting with Father Aristide is an unavoidable solution to Haiti's current crisis, Mobilization for National Development [MDN] leader, Hubert de Ronceray, is of the opinion that this letter falls within the scope of the prime minister's personal relations with the OAS secretary general, but that it cannot bind the government he is leading. De Ronceray again threatens to leave the consensus government if Bazin begins negotiations with Father Aristide on behalf of the government.

[Begin recording] [De Ronceray] I think the words, "only solution, unavoidable solution," represent a statement that binds Mr. Bazin personally, but that does not commit the partners of the government. That is not our viewpoint in the MDN. We respect Mr. Bazin's viewpoint, but we hold a different opinion. We believe the facts are there to increasingly prove that we are right.

[Unidentified reporter] So, in your opinion, that letter does not commit the entire government?

[De Ronceray] Not at all. It is a letter Bazin wrote as a private person. It does not commit the government; it does not commit the MDN.

[Reporter] What will you do if Mr. Bazin decides to enter into personal negotiations with Father Aristide in the name of the government?

[De Ronceray] Again, I believe that would be between Mr. Bazin and Mr. Aristide. It could not be Haiti or the consensus government, because the MDN does not agree, and the MDN is part of the consensus government. We stand behind our position. Let Mr. Bazin commit himself as a private individual.

[Reporter] Does that mean you still intend to leave the government once Mr. Bazin begins negotiations with Mr. Aristide in the name of the government?

[De Ronceray in French] This is a very clear position. To use Mr. Bazin's own words, it is an unavoidable position. [end recording]

Correction to Senators Debate 'Smugglers'

FL0309193592

The following correction pertains to the item headlined "Senators Debate Files on 'Smugglers'," subheaded "Sansaricq Cited," published in the 3 September Latin America DAILY REPORT, page 5:

Column one, paragraph two, sentence one make read ...upper chamber, via Committee President Senator Guy Bauduy, has... (correcting title).

El Salvador

Labor Organizations Protest VAT Implementation

PA0309223492 San Salvador Radio Venceremos Network in Spanish 1800 GMT 1 Sep 92

[Text] A total of 13 labor organizations rejected the implementation of the value-added tax [VAT] and requested a 50-percent salary increase. The workers labeled the day the VAT went into effect—Tuesday, 1 September— as Black Tuesday and said it was the result of ARENA's [Nationalist Republic Alliance] and the IMF's corrupt practices. A total of 13 organizations belonging to the Inter-Union Association rejected the tax on 1 September. They perceive it as the result of pressure by the IMF on the Salvadoran Government and also as a means of collecting funds for ARENA's 1994 election.

[Unidentified speaker] We believe the government has implemented this tax to collect funds for the 1993 political campaign under the pretext that the funds will be used for national reconstruction projects. We believe that fares...[pauses] that the prices of goods are going up. Today we noticed that transportation fares were increased from 60 to 70 cents for day service and to 80 cents for night service. We have also noticed that other institutions are raising prices. We think these actions are an ARENA package imposed by the IMF. These measures are going to increase the magnitude of the economic crisis we are experiencing instead of solving it. [end recording]

The [words indistinct] tax, as it is also called, increases inflation, prompts hoarding, and raises rates for services such as transportation and energy, the workers stated. Faced with that situation, the workers proposed that a law on consumers protection be enacted, asked for a 50-percent salary increase for all workers, and made an urgent call to all Salvadorans to support the protests for their rights. At the beginning of this month that marks our independence, the Salvadoran people are being hit with a big stick [word indistinct] by the IMF, the labor leaders said.

Panama

Endara Warns Paper About 'Injurious' Statement

PA0309151892 Panama City LA PRENSA in Spanish 3 Sep 92 p 1

[Letter from President Guillermo Endara to Roberto Eisenmann, LA PRENSA director, in Panama City on 2 September]

[Text] 2 September 1992, DP-211-92
Mr. Roberto Eisenmann
LA PRENSA president and director

Dear Mr. Eisenmann:

I read with great displeasure an editorial in your 2 September issue. It claims legislators of the Democratic Revolutionary Party voted "in exchange for a promise from the executive branch to decree a general amnesty."

As you well know, that is legally impossible because the executive branch cannot decree a general amnesty. You are also making injurious statements, which are clearly identified as a crime in Law No. 1 of 1988.

[Signed] Attentively,

Guillermo Endara Galimany, president of the Republic.

No Agreement Reached on Legislative Commissions

PA0309152892 Panama City LA PRENSA in Spanish 3 Sep 92 p 1

[Article by Jose Quintero De Leon]

[Text] Legislative Assembly President Lucas Zarak Linares held a meeting on the evening of 2 September with the coordinators of the various sections in the legislature to establish 20 work commissions. The meeting only lasted 30 minutes because there was no consensus and the Christian Democratic Party [PDC] members walked out.

According to legislative sources who participated in the meeting, the current leadership acted in a "arrogant and boastful" manner, without any willingness to negotiate with the PDC, yet it seemed eager to assign the leadership of various important commissions to the former opposition party, Democratic Revolutionary Party.

In the morning hours, Zarak met with his two vice presidents and the coordinators of the political factions to review the priority tasks that must be undertaken, both administrative as well as legislative, but he learned the problems were very complex.

For three consecutive terms, the PDC has controlled 10 [number as received] work commissions, namely Budget, Government, Credentials, Housing, Health, Education, Public Workers, Agricultural Affairs, and Revision and Style. The PDC has used its own techniques and achieved great experience in these fields.

Nonetheless, Second Vice President Alberto Cigarruista said the new leadership will give the PDC an opportunity to work, but under no circumstances will it hold the chairmanship of three important commissions such as Budget, Public Finances, and Credentials, adding these "are not negotiable."

According to the revised bylaws, the PDC has a right to participate with 42 percent given the amount of legislators it has in the assembly.

Muse on Legislative Commissions

PA0309170592 Panama City CRITICA LIBRE in Spanish 3 Sep 92 pp 56, 57

[Report by Roberto Cubilla]

[Text] Progovernment legislators said on 2 September that the Christian Democratic Party, PDC, will not head any of the 20 Legislative Assembly permanent commissions. Meanwhile, Legislative Assembly Vice Presadent Alberto Cigarruista said the Budget, Credentials, and Government and Justice Commissions will not be negotiated.

Assembly President Lucas Zarak said there are two mechanisms or formulas to elect the board members of the various permanent commissions: through political agreements among legislative blocs or through votes from commission members.

According to Zarak, the progovernment bloc has proposed that the presadents, vice presidents, and secretaries of the commissions be selected by consensus to avoid excluding the PDC and Democratic Revolutionary Party, PRD, from those positions.

The most important of the permanent commissions is the Budget Commission, which since March 1990 has been headed by PDC Legislator Milton Henriquez, who removed his personal belongings and documents from his luxurious office.

In addition, other PDC legislators who headed most of the commissions went to their offices located in the [Panama Canal] reverted areas to remove their personal belongings and deliver the keys to the new Legislative Assembly Board of Directors, formed by Lucas Zarak, Roberto Gizribaldo, and Alberto Cigarruista.

Progovernment legislators will negotiate the presidency of social commissions such as Public Health, Education, Culture and Sports, Public Works, and Housing. The positions of vice presadent and secretary are open for PDC and PRD members who wish to be elected by consensus.

It has been learned that a member of the Arnulfista Party [PA] will head the Budget Commission, based on negotiations held prior to the election of the new Legislative Assembly Board of Directors on 1 September.

During the 2 September regular session, PDC Legislator Guillermo Cochez said that his party presented independent candidates for the 1 September elections because it is convinced the legislative branch must act independently from the executive branch. He added that the PRD voted for "the lesser of two evils," which in his opinion means the PRD views Assembly President Lucas Zarak as "evil."

Cochez added that the PDC is proud to be described as "evil" by the PRD, and does not wish to be viewed as "good" by that party.

In reply to Cochez, PRD Legislator Balbina Herrera said she personally feels the PDC legislators "should not cry over what they could not defend as men."

Meanwhile, reactions to the election of the new members of the Assembly Board of Directors continued on 2 September.

Comptroller General Ruben Dario Carles rejected PDC accusations that the progovernment sector has "a pact with the PRD." According to Carles, on various occasions the PDC has obtained PRD votes and has said those votes were secured "through ability and political maneuvers." Carles added that when the PRD votes in favor of the progovernment bloc, the PDC says it is "corruption."

Cesar Quintero, former magistrate of the Supreme Court of Justice said he was "surprised" by the results of the elections for the Legislative Assembly Board of Directors.

Cabinet members and political leaders viewed the PRD vote in favor of PA Legislator Zarak as an internal decision within that legislative bloc.

First Vice President Ricardo Arias Calderon—PDC president—reacted by saying that "birds of a feather flock together."

PRD, Government 'Political Pact' Criticized

PA0309154592 Panama City LA PRENSA in Spanish 3 Sep 92 p 1-A

[Report by Ibeth Vega]

[Text] Tomas Herrera, president of the Civic Renewal Party, warned on 2 September that the government has made the Democratic Revolutionary Party (PRD) the arbiter of political situations and it will have to pay dearly for its alliance with the party of military dictators.

Herrera's remarks were made within the framework of reactions to the results of the Legislative Assembly presidential elections in which PRD parliamentarians supported the candidacy of Arnulfist legislator Lucas Zarak.

Herrera added: "If the PRD was just any party the alliance would not matter, but it is a party that has a tradition of servility and of being linked with the worst features of Panama. We must not forget its alliance with the military officers who ruled in the past."

He noted that it is obvious there is a political pact between the government and the PRD "because if it had not been for that pact, Zarak would not be the assembly president now."

He stated that now the PRD will demand payment in exchange for its votes in order "to meet the needs of those common criminals and squanderers of public funds who are in jail so they can be released."

He added that the situation is grave because it became known that the Christian Democratic Party [PDC] wanted an alliance with the PRD also, but without making it public. "The government parties and the opposition party (PDC) are simply the same thing," Herrera remarked.

Furthermore, Herrera said the worse damage caused by this is the price the government will have to pay for the PRD votes, votes that made the PDC lose power.

Meanwhile, PRD Secretary General Ernesto Perez Balladares affirmed that his party had to choose between two necessary evils and that there were no negotiations with the government to get Zarak elected president of the National Assembly.

Alliance 'A Diabolic Pact'

PA0309160992 Panama City EL SIGLO in Spanish 3 Sep 92 p 29

[Article by Yall Enrique Pitti]

[Text] "Noriegism won without Noriega at the Legislative Assembly," Ruben Chavarria, member of the Panamenist Renewal Movement [a branch of the Arnulfist Party] told EL SIGLO. Chavarria labeled the bonding of the government legislators with the PRD [Democratic Revolutionary Party] wing to win the Legislative Assembly presidency for Lucas Zarak "a diabolic alliance."

Chavarria said that since the beginning, the Movement decided to support [Panamenist] Legislator Aurelio Alba for Legislative Assembly president, as, in his opinion, Alba has much more merit than Arnulfist Legislator Lucas Zarak. "We could never support Lucas Zarak because he belonged to the military dictatorship when he was consul in Los Angeles during Torrijo's government," he stressed.

Chavarria assured that in the wake of the events that took place in the Legislative Assembly, the members of the PRD are elated, as they achieved their goal, that is, "to free all those thieves and murderers that subjected the Panamanian people to a military dictatorship for 21 years."

The member of the Panamenist Renewal Movement added that the PRD's alliance with the Nationalist Liberal Republican Movement and Endara followers, for many constitutes "a diabolic pact," where the big winner was "Noriegism without Noriega."

When questioned on the role that the Christian Democratic Party [PDC] played in the Legislative Assembly elections, Ruben Chaverria assured that the PDC got "too greedy" and lacked political strategy when they turned their back on the candidacy of Aurelio Alba from the Arnulfist Party.

"The PDC is responsible for what happened at the Legislative Assembly, therefore, they have no moral authority to criticize the candidacy and the triumph of Lucas Zarak. That responsibility will include everything that happens in the future," Ruben Chavarria concluded.

Zarak's Election Criticized

PA0309163992 Panama City EL SIGLO in Spanish 3 Sep 92 p 6

[From the "Justice Compromise" column by Dagoberto Franco: "Two Arnulfist Presidents, What For?"]

[Text] The national controversy that surfaced in the last two weeks regarding the next Legislative Assembly president was created by the political parties, which fought like cats and dogs over the alluring presidential seat. For us, all of the people, this election does not have importance, because we no longer believe in the honorable legislators. They cost millions of dollars and have turned the Legislative Assembly into a real circus.

At the beginning of the past legislative period, the Panamanian people had hopes for the Legislative Assembly, when a group of young professionals grouped under the nice name of Ninjas promised to change the image of the parliament. The community believed in the Ninjas, because the people thought they were not yet corrupted as other domestic politicians. We all thought that with the Ninjas at the head of the Assembly, it was going to work for the country, creating laws that would benefit us all.

It was a flagrant error on the part of those who had hopes for the Ninjas, because if it is accepted that most of them are professionals with great talent, their political interests came before anything else. Therefore, they did nothing to change the image of the Assembly. Worst yet, the Board of Directors led by Marco Ameglio was discredited at the end of his term by the various accusations curiously made by Legislator Leo Gonzalez.

Logic must lead us to believe that if a Legislative Assembly in the hands of young professionals such as Marco Ameglio and Gisela Chung was a failure, what can we expect from an Assembly led by such a corrupt politician as Mr. Lucas Zarak, who has neither the brains nor the moral attributes to occupy such an honorable position.

The worst thing that could have happened to this country during the democratic transition is that we have two Arnulfist presidents at the same time. We have one in the presidency of the Republic and another one in the presidency of the Assembly. This is so because Endara and Zarak are very much like each other. If it has been stated that Endara is unqualified and inept, nothing better can be said about Lucas Zarak, who is only a master in the tactics of domestic politics. In other words, he is an expert in all the dirty tricks represented by politics.

The question that comes to mind is: Two presidents, what for? The two Arnulfists in power said the Endarists

in power have drifted away from the Panamenist doctrine. They only follow their personal interests and those of their relatives and friends. Then, the only thing that we can expect from Lucas Zarak at the head of the Legislative Assembly is the institutionalization of corruption, nepotism, and influence peddling, which have been institutionalized by his master Guillermo Endara in the executive branch.

Attorney General To Suspend Customs Director

PA0409005392 Panama City Circuito RPC Television in Spanish 2300 GMT 3 Sep 92

[Text] Attorney General Rogelio Cruz has sent a letter to Mario Galindo, finance and treasury minister, stating that he has decided to suspend Customs General Director Rodrigo Arosemena from office. The letter states that Arosemena is charged with corruption, abuse of authority, and breaching the duties of public officials.

A complaint filed by Guillermo Pitty [not further identified] on 1 September states that the customs director general has issued documents called previous permits [permisos previos] that are used to avoid paying taxes owed on merchandise brought into the country.

The complaint also states that in the past, previous permits could only be authorized by the Finance and Treasury Ministry. The permits were issued only to state institutions, autonomous or semiautonomous institutions, or—under special circumstances—to private enterprises. Such special circumstances could include processed goods or urgently needed medicines.

Argentina

Foreign Minister on Brazil, U.S. Wheat Issue

PY0309125892 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0053 GMT 3 Sep 92

[Text] Buenos Aires, 2 Sep (NA)—Argentine Foreign Minister Guido di Tella today informed Economy Minister Domingo Cavallo that the Brazilian Government will not purchase U.S. subsidized wheat and that it will impose a surcharge on any Brazilian businessmen who do.

At the end of a meeting with Cavallo at the Economy Ministry, Di Tella reported that he told Cavallo that the Brazilian Government has confirmed that it will not purchase 500,000 tonnes of subsidized wheat offered by the United States.

Di Tella asserted that the Argentine Government has raised "a vehement protest" before the United States because 500,000 tonnes of wheat were offered to Brazil as a part of the subsidized wheat offered to the former Soviet bloc.

Di Tella said: "It can do whatever it wants with the former USSR and Eastern Europe, but we protect our markets."

Di Tella admitted that Washington, which has not given up the operation, had given explanations. He added that he believes "the U.S. Government policy will fail, because Brazil will not buy."

The Argentine Government and businessmen have kept quiet about the sale of subsidized wheat to the former Soviet bloc because they believe that the U.S. Government is granting this support to try to achieve a political balance in this troubled region.

U.S. Ambassador Summoned

PY0309125492 Buenos Aires TELAM in Spanish 2329 GMT 2 Sep 92

[Text] Buenos Aires, 2 Sep (TELAM)—The Brazilian Government has officially announced that it will not purchase U.S. "subsidized wheat." It added that if a private mill decides to do so, "it will be forced to pay a surcharge."

The Brazilian Government thus informed the Argentine Foreign Ministry tonight after U.S. Ambassador Terence Todman was summoned this afternoon by the Argentine Foreign Ministry to inform him of the "displeasure" caused by the U.S. Government, which offered 500,000 tonnes of subsidized wheat to Brazil and other countries.

Di Tella on 'Terrible Idea'

PY0409014992 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0052 GMT 4 Sep 92

[Text] Buenos Aires, 3 Sep (NA)—Foreign Minister Guido di Tella has described as "a terrible idea" the U.S. Government decision to sell 500,000 tonnes of subsidized wheat to Brazil.

Di Tella noted, however, that the Argentine Government conducted a "marathon effort" and managed to persuade the Brazilian Government not to buy the wheat and to impose a surcharge on those private Brazilian companies that may decide to import it.

Di Tella thus was referring to the U.S. decision to export 29.1 million tonnes of subsidized wheat, 500,000 tonnes of which would be sold to Brazil.

The foreign minister stated, however, that there is no contradiction between Washington's decision to make a sale of subsidized wheat that would be directly detrimental to Argentina and the Argentine-U.S. nuclear cooperation agreement signed today, which is designed to strengthen Argentina's alignment behind the United States.

In remarks to reporters on the nuclear agreement signed today, Di Tella said: "A wide avenue has been opened for experts of our National Commission for Atomic Energy (CNEA) to improve their training."

Di Tella added that the Argentine Government decided to ratify the Tlltelolco Treaty in light of the amendments incorporating safeguards requested by Argentina and Brazil to preserve their industrial secrets.

The Argentine foreign minister also emphasized the fact that Argentina has decided to discontinue its Condor-2 missile project. He said: "We want to give every assurance possible to make it quite clear that our space research activities will be peaceful."

Asked about the presence of DEA agents in Argentina, Di Tella said: "We have a policy of cooperation that must be implemented by people and not only on paper." Like Interior Minister Jose Luiz Manzano, Di Tella was thus admitting the presence in our country of members of the U.S. Drug Enforcement Administration.

Menem Ratifies Confidence in All Collaborators

PY0309174892 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1140 GMT 3 Sep 92

[Text] Buenos Aires, 3 Sep (NA)—President Carlos Menem ratified his confidence in all his collaborators, including the ministers and state secretaries, in light of what he called "a wave of rumors about resignations and confrontations," which he completely rejected.

In a harsh message to more than 1,200 businessmen last night on the Day of Industry, Menem urged them with

singular emphasis to join "the common slogan and the productive revolution that is exclusively industrial."

Speaking at the Libertador Hall of the Sheraton Hotel, Menem criticized "the annoyed spectators" of the economic changes being implemented by the government and firmly demanded the provincial governors—including Jose Bordon, Ramon Ortega, and Carlos Reutemann, who were present at the ceremony, "to implement the state reform."

Menem said: "If you do it, you will contribute to consolidate the changes." On three occasions, Menem loudly repeated the historical phrase of Carlos Pellegrini [Argentine president from 1890 to 1892]: "A nation cannot grow without industry and a nation cannot develop without industry." In his improvised speech, Menem quoted [former Argentine president] General Juan Peron who said that "reality is the only truth;" Pope John Paul II who said that "the current world has just a moral and cultural option," and the illustrious Spanish criminal lawyer Juan Soler who said that "slanders and calumnies are the false currency coined by criminals and disseminated by the honest."

Menem did not mention the names of those in whom he ratified his confidence - even though it was expected he could cite [Economy Minister] Domingo Cavallo. He noted that he did not come to make any type of announcement. He merely referred to "the impact of the government's achievements."

When he said: "There are no miracles or magic recipes," and noted that the structural change will continue "without irresponsibilities and without giving way to partial concessions or easy demagogy," he was clearly alluding to demands for instrumental changes.

Later in his speech to the businessmen who make up the Argentine Federation of Industry [UIA], Menem referred to issues like "privatization, the fiscal balance, domestic and foreign credits, deregulation, reinstatement to international financial agencies, and productivity."

Menem also strongly stated: "Listen carefully, neither the government nor private organizations may feign ignorance or look aside," because we are trying "to consolidate stability as the only way to improve productivity."

He said: "No government can replace the businessman or a capitalist system that is based on risk factors, cost adjustments, and relations with the public sector."

He also pointed out that the government "observes with interest the actions of the Pymes [small- and medium-sized enterprises] to improve their competitiveness and financing."

Although he conceded to and thanked UIA head Israel Mahler for the legitimacy of the demands he made, he again quoted Carlos Pellegrini to reaffirm his previous position: "The economic life of a nation is the result of harmony in which antagonisms that can only cause anarchy, disturbances, and death are not permitted."

He said: "We do not resort to party slogans or mere words." He called for "increased growth."

He discouraged those who await "the Ides of March," which "will never arrive."

Bolivia

Cuba's Fidel Castro To Visit Sucre 14 Sep

PY0409123892 La Paz Radio Fides Network in Spanish 1100 GMT 4 Sep 92

[Report by Inti Castillo from Potosi]

[Text] COB [Bolivian Labor Federation] members will meet today at 1430 to analyze future demonstrations and the participation of workers at the welcome reception to Fidel Castro, who will arrive in the city of Sucre on 14 September. The measures to be adopted in face of social conflict affecting miners and other workers will be addressed during the meeting at the local COB headquarters.

Labor Demonstrators Stone Planning Ministry

PY0309030492 La Paz Television Nacional Network in Spanish 1700 GMT 2 Sep 92

[Text] Planning and Coordination Minister Samuel Doria Medina has censured the attitude of Bolivian Labor Federation [COB] demonstrators who stoned his ministry's building last night.

Before entering the weekly meeting of the Economy and Planning Council, the minister ironically pointed out: We will surely have to sell more [state-owned] enterprises to repair the damage caused by the trade unionists. I believe the COB lost its head or is engaged in throwing stones because it has nothing to do, the planning minister added.

We must remember that the procession of torches carried out last night by the COB concluded with a rally at the Planning Ministry's gates, where several protests were voiced. In addition, the Planning Ministry's building was stoned.

Brazil

Collor Said To Be Studying Cabinet Reshuffle

PY0409020092 Rio de Janeiro O GLOBO in Portuguese 3 Sep 92 p 5

[Article by Helena Chagas]

[Text] Brasilia—President Collor is studying a way to replace Secretary of Government Jorge Bornhausen and Justice Minister Celio Borja, as soon as possible. Planalto Palace also is examining alternatives in the event that Economy Minister Marcilio Marques Moreira's

situation in the government worsens. According to congressmen linked to Planalto, Collor yesterday discussed the possibility of dismissing Bornhausen and Borja. Regarding Marques Moreira, he began to prepare to do the same. Collor has been complaining a lot about the three ministers' decision not to participate in the operation seeking to obtain votes in Congress and because they have been calling for his resignation.

Collor also heard the requests and complaints of his "storm troopers" who have been arguing that the campaign to obtain 168 votes in the Chamber of Deputies can be hindered by the presence of these three ministers in the government. According to congressmen close to Collor, the president is irritated with and hurt by the ministers, and has not dismissed them yet because he is politically weakened. Bornhausen, Borja, and Marques Moreira have not resigned because they are committed to the pact signed last week. Planalto believes, however, that the impeachment [previous word in English] process will take longer than expected and that this pact will lose strength. Until then, Collor will try to obtain some support in Congress. However, he can take the initiative and surprise the ministers by dismissing them at any moment, but only after making it very clear that he is upset with them.

Collor told a congressman: "These troika horses that have been introduced in my administration will not result in what people expect."

On 1 September—after complaining about Bornhausen's political coordination which, according to him, reduced further Congressional support for him, and about Borja's attitudes and comments—Collor commented to one of his leaders about his vote-chasing campaign at the Chamber of Deputies. The leader said:

President, some pieces must be replaced, otherwise, this strategy will not succeed.

I know, I am only waiting for the right moment, Collor told him.

According to Collor interlocutors, he wants to have the names of the substitutes ready to be appointed at any moment. For the Justice Ministry, he even thought about former Deputy Thales Ramalho, with whom he talked twice. Ramalho clearly told him that he would not accept the position. Minister Ricardo Fiuza allegedly would be appointed to Bornhausen's position, and since 31 August has been in charge of government political coordination in Congress.

If the situation becomes worse, the main difficulty will be to choose a minister at Marques Moreira's level. According to Collor's interlocutors with connections to the economic area, however, if the situation arises, Collor will appoint someone already in the government, possibly Secretary Luiz Antonio Goncalves. Yesterday, however, the rumor that Deputy Roberto Campos was a name highly thought of at Planalto circulated in the Social Democratic Party bloc.

Spokesman Denies Rumors

PY0409023192 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 3 Sep 92

[Excerpt] Press Secretary Etevaldo Dias today denied news reports stating that President Fernando Collor was thinking of a new cabinet reshuffle.

[Begin recording] [Reporter Luiz Augusto Mendonca] He also denied rumors that the cabinet might resign en masse.

[Dias] No. Ministers Marques Moreira and Borja met the president at 0900 this morning and then worked normally. This has not been discussed. Everything continues to be in keeping with what has already been agreed upon by the president and his cabinet in accordance with the contents of the ministers' letter. [end recording] [passage omitted]

Resignations 'Almost Certain'

PY0409025992 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 2 Sep 92 p 4

[Article by Dora Kramer]

[Text] Brasilia—President Fernando Collor is almost certain of the resignations of at least two ministers: Secretary of the Presidency Jorge Bornhausen and Justice Minister Celio Borja. Collor already has a substitute for Bornhausen, Social Action Minister Ricardo Fiuza, the politician who currently is closest to him. At Planalto Palace, those interested are being advised to support "all actions" by Fiuza. Former Deputy Thales Ramalho has reported that he will not accept becoming a member of the cabinet, but Collor still believes he is an ideal candidate to replace Borja.

Since 29 August, the president has made several decisions and outlined alternatives for possible dismissals. Over the next 30 days, Collor will defend his mandate before the people and the politicians, because he considers this month to be a crucial one: He will either win at the Chamber or, once the impeachment process begins, everything will be lost. He will be placed on leave for 180 days and he does not want to experience the humiliation of returning to the presidency after having been tried, even if he is found not guilty. As soon as he leaves the palace, the government will be headed by Itamar Franco.

Although he believes that "crises can always be overcome" and that he has a chance of winning, Collor now is willing to discuss the issue. Despite the strategy of threatening an en masse resignation to force him to resign, he believes there is no danger of imminent resignations, except in the cases of Bornhausen and Borja. One of Collor's aides has reported: "They agreed that all would place their positions at his disposal, but most of them already have warned that they would accept remaining in the cabinet, if the president asks them to."

Stampede

Everyone at Planalto Palace believes that Borja and Bornhausen certainly will leave their positions. Collor's advisers have revealed that Borja has been willing to leave his position for a long time, and Bornhausen has become involved in an untenable position.

When the president was preparing his speech on 29 August, Bornhausen suggested that he should promise to resign on 30 September in exchange for Congressional approval of all projects for the modernization of the economy. At first, Collor accepted the suggestion, because he believed that this would be a way of exerting pressure on the legislative branch. Fiuza, however, warned that the suggestion would mean the end of his administration: "By accepting that, you will be setting a date to resign and will be giving the opposition the possibility of retorting that they will approve the modernization projects at an emergency pace, but not until Itamar Franco is in office." As a result, Bornhausen was placed in the position of someone who is showing the path to the scaffold and not to salvation.

Saturday, 29 August, was D-Day for the president. He abandoned... his previous inaction. One of Collor's friends commented: "The president committed many mistakes; he did not ask his allies to act at the Congressional Investigating Committee, did not supply evidence to the government-supporting parties and, in addition, continued to surround himself with the same people from Alagoas State who do not have political vision and were disdainful of the adversary." According to this friend, all presidential spokesman Etevaldo Dias has been doing in the last few days is to pursue evidence for the deputies who still support the government and convince them that the president did nothing wrong.

Ill-Served

Collor particularly is irritated with Claudio Vieira, Marcos Coimbra, Ana Acioli, and special adviser Dario Cesar Cavalcanti. This is so, because now that he is willing to recover from the losses, to flatter deputies, and to resume contact with society, nothing functions around him. A simple document proving the sale of his apartment in Maceio, Alagoas State, could not even be found. Coimbra told the advisers to ask Vieira about the document. Vieira said Ana Acioli would know where it was. Acioli asserted that she did not know where the document was. Finally, Dario mentioned that "the document might be in the hands of a lawyer."

Precisely because he was convinced that he could not govern with people used to provincial power, Collor decided to take the lead. He telephoned the deputies, explained his reasons, and began to concern himself with his image. The attempt to recover the people's empathy, which he had conquered during the electoral campaign and at the beginning of his term in office, began with the 30 August speech. Collor wanted to establish a dialogue with society. IBOPE [Brazilian Statistics and Public Opinion Institute] President Carlos Augusto Montenegro advised him: "On Sunday, people are more relaxed, inclined to meditate." Now Collor will leave his seclusion and grant interviews—first to the television stations and then to the newspapers—all week.

Soares Named New Government Leader in Senate

PY0409030392 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 3 Sep 92

[Text] Liberal Front Party, PFL, deputy leader Odacir Soares is the new government leader in the Senate. He replaces Senator Marco Maciel, who resigned from the position on 1 September.

[Begin recording] [Reporter Mayr Lucy Villela] Soares received President Collor's invitation this morning and said that he is prepared to continue to defend the government in his new position. Soares became known as one of the president's main defenders during the work of the Congressional Investigating Committee looking into the activities of Paulo Cesar Farias. Soares asserted that the PFL continues to be the main government-supporting bloc in Congress.

[Soares] The PFL is the president's main bloc of support in Congress and, as a result of the meetings held, it continues to firmly defend President Collor's administration and his mandate. Therefore, I see no conflict in my appointment. There would have been a conflict if the PFL had decided to go against the president.

[Villela] Senator Odacir Soares is very sure that the government will win the impeachment [previous word in English] process. So much so, that the new leader does not believe it is necessary for the ministers who have a political mandate should leave their positions to vote in favor of the government. Soares said that his work as government leader will be to consolidate and increase the government-supporting bloc in the Senate. [end recording]

New Senate Head Prompts 'Split' in Cabinet

PY0309170892 Rio de Janeiro Rede Globo Television in Portuguese 1600 GMT 3 Sep 92

[Excerpts] [passage omitted] Government Secretary General Minister Jorge Bornhausen early this morning traveled to Santa Catarina. Before his departure, although he declined to comment on reports that President Fernando Collor is allegedly thinking about dismissing him, Bornhausen did speak about the impeachment process.

[Begin recording] [Unidentified reporter] Does the government want the impeachment request to be voted on 30 October?

[Bornhausen] I think it follows the calender established by Chamber of Deputies President Ibsen Pinheiro when

he chose the system established by Law No. 1079, therefore, it is his responsibility. [end recording] [passage omitted]

Meanwhile, Senator Odacir Soares has been nominated by President Collor as the new government leader in the Senate.

[Begin Alexandre Garcia relay from Brasilia, live] Minister Bornhausen's recent statement contains a very serious complaint about the slowness with which the impeachment request is being processed by the Chamber of Deputies. This complaint is shared by other ministers who also promised to stay in their posts until the impeachment request is voted on in the Chamber of Deputies.

Ministers Celio Borja and Marcilio Marques Moreira are complaining a lot about the time the process is taking. A little while ago, Chamber of Deputies President Ibsen Pinheiro said that Minister Borja's request for hastiness is justified, and he recognizes that there already is a split within the government.

Pinheiro said that the government's storm troopers in Congress are hindering the impeachment process in the Chamber of Deputies. Pinheiro said that although he would like to install the committee tomorrow, the action of the government storm troopers in Congress means that the installation of the committee will not happen until 8 September.

The nomination of Senator Odacir Soares as government leader in the Senate in place of Marco Maciel shows that the government style for treating issues in Congress has changed. His appointment is causing certain unrest among some ministers, especially Minister Bornhausen.

Ministers Borja and Marques Moreira are keeping certain institutions like the Federal Police, the Central Bank, the Federal Revenue Office, and the National Treasury, outside the crisis. This is not in keeping with the government's combat style in the Chamber of Deputies and this is the reason behind the clear split in the cabinet, so watch out for more news about this next week. [end recording]

Marques Stays Until Chamber Decides on Request

PY0309141092 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 2 Sep 92 Economic Section p 1

[Article by Alberto Tamer]

[Excerpt] Economy Minister Marcilio Marques Moreira told O ESTADO DE SAO PAULO on 1 September that he will remain in the government until the Chamber of Deputies decides on the request for the impeachment of President Fernando Collor. Justifying his decision, the minister stated that his job is to prevent the economy from being further harmed by the crisis.

"I believe this job will end when the Chamber decides, no matter what the outcome is. If the decision is positive, the president will select his cabinet. If it is negative the vice president will select his ministers," Marques Moreira said.

Summing up the government's most recent estimates, the minister said that the Treasury's financial movement continues under control. Expenditure is never more than what is collected. In August there was a surplus of 1 trillion cruzeiros, and this was not expected because the Central Bank announced a deficit due to the political pressure for more expenditure in exchange for support against the president's impeachment. Thus, the year's accumulated surplus amounts to 3.3 trillion cruzeiros. [passage omitted]

Chamber Committee to Review Impeachment Request

PY0309144492 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 3 Sep 92

[Text] The Chamber of Deputies special committee that will review the request for impeachment of President Fernando Collor will comprise 49 members. The distribution of deputies will be proportional to the number of members in each bloc. Here is a report by Jorge Vanburg.

[Begin recording] [Vanburg] This decision was made during a meeting between party bloc leaders and Chamber of Deputies President Ibsen Pinheiro on the evening of 2 September. Ibsen later commented on the decision.

[Pinheiro] I firmly believed it was possible to reach this agreement, which was unanimous. The parties have already begun to consider names. The committee will be installed on 8 September and by then the parties will name the deputies who will make up the committee.

[Vanburg] The committee will be made up as follows: PFL-PRN [Liberal Front Party-National Reconstruction Party] bloc, two representatives each ; PMDB [Brazilian Democratic Movement Party], 10; PDT [Democratic Labor Party], PDS [Democratic Social Party], and PSDB [Brazilian Social Democracy Party], four representatives each; PTB [Brazilian Labor Party], three; PDC [Christian Democratic Party], PTR [Renewalist Labor Party], and PL [Liberal Party], two representatives each; and PSB [Brazilian Socialist Party] and PST [Social Workers Party] one representative each.

The government bloc agreed to grant one seat each to the PSB, PRS [Social Reform Party], and PRT [Republican Workers Party]. The same happened with the PMDB, which granted three seats for each party to the PCdoB [Communist Party of Brazil], PV [Green Party], and PPS [Popular Socialist Party].

Genebaldo Correia, the PMDB leader in the Chamber of Deputies, said that the government will have a one-deputy majority in the committee, 25 to 24 deputies, in theory, based on the leanings of their parties. [end recording]

Government Wants Pinheiro Removed From Process

PY0309211692 Rio de Janeiro O GLOBO in Portuguese 2 Sep 92 p 3

[Excerpts] Brasilia—Planalto Palace yesterday put into action its legal advisers to study the terms of the speech delivered by Chamber of Deputies President Ibsen Pinheiro upon receiving the impeachment request submitted by Barbosa Lima Sobrinho, president of the ABI [Brazilian Press Association], and Marcelo Lavenere, president of the OAB [Brazilian Attorneys Association]. Planalto believes that "impartiality was broken," and therefore Planalto wants to request that Deputy Pinheiro be removed from leading the impeachment process. When questioned by O GLOBO, Pinheiro did not want to comment on Planalto's threat. [passage omitted]

A Planalto source said: Deputy Ibsen Pinheiro should have remained quiet, like Senate President Mauro Benevides. As the moderator of the process he should not have made comments indicating prejudgement. After all, he would be acting as a judge. Has anyone ever seen a judge deliver an inflamatory speech against the accused before the trial?

Planalto also already has the preventive court injunction ready which will be petitioned this week to the Federal Supreme Court (STF) to demand that Pinheiro define ahead of time the rules for voting on the impeachment request. The government's legal advisers have begun to work on the court injunction in the face of the silence shown by Pinheiro, especially on the quorum and the voting system. The government is concerned that the rules be defined at the last minute, without giving the legal advisers enough time to resort to the STF if the government believes that the procedures adopted by Pinheiro are irregular.

Final Vote 'Will Not Occur' Before 30 Oct

PY0409124292 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 3 Sep 92

[Report by Mayr Lucy Vilela]

[Text] The government has more than the 168 votes needed to defeat the presidential impeachment process in the Chamber of Deputies, even if the voting is not secret. Secretary of Government Jorge Bornhausen told President Fernando Collor of this during their meeting at 0900 this morning. Bornhausen also told the president that the final vote by the Chamber will not occur before 30 October.

Economy Minister Marcilio Marques Moreira, who also attended the meeting, reported good news on the economy. He said that inflation has tended to decrease during September particularly now that foodstuff prices, which threatened to push other prices up, will fall as a result of the Agriculture Ministry's decision to sell off their regulating stock.

Last night, President Fernando Collor attended a dinner at the home of Deputy Ezio Ferreira, of the Amazonas State Liberal Front Party, PFL. Collor was applauded by the nearly 100 congressmen who also attended the dinner. PFL leader Deputy Luiz Eduardo Magalhaes welcomed the president in his speech. In an impromptu reply, Collor said he will cooperate with those who support him, adding that the doors to Planalto Palace and the Ministries are open to congressmen.

Collor Takes Over Anti-Impeachment Actions

PY0309180892 Rio de Janeiro O GLOBO in Portuguese 2 Sep 92 p 2

[From the "Political Panorama" column by Tereza Cruvinel]

[Text] On 31 August, President Fernando Collor became the political coordinator of the actions against impeachment. He is personally commanding the actions of the allies of the so-called storm troopers that include [Social Action] Minister [Ricardo] Fiuza, CEF [Federal Savings Bank] President Alvaro Mendonca, Bank of Brazil President Lafaiete Torres, Senators Odacir Torres and Ney Maranhao, and Deputy Jose Lourenco. Deputy Marco Maciel went to the interior on 1 September. [Bahia State] Governor Antonio Carlos Magalhaes and his allies are remaining silent, but the president of the Bank of Brazil reported that on 1 September he spoke three times with him over the telephone, thus denying any type of withdrawal.

[Secretary of Government] Minister [Jorge] Bornhausen, who remains in his post, only exercises the coordination that is related to the protocol aspect and formalities of the impeachment process that Congress set into motion on 1 September. The other ministers are looking after their ministries.

This is the president's first incursion into political and behind-the-scenes actions of party politics, a task that he described as abominable during the first stages of his tenure.

Speedy Impeachment Process May Be 'Dangerous'

PY0309131692 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 3 Sep 92

[Text] The presidency of the Republic has changed tactics and decided to take advantage of all legal deadlines in President Fernando Collor's impeachment process. Here is a report by Luiz Augusto Mendonca from Brasilia.

[Begin recording] The government will use all legal deadlines to discuss in Congress the request for President Fernando Collor's impeachment.

This information was supplied by Presidential Spokesman Etevaldo Dias, who said that the prevailing belief was to go through all stages as soon as possible in

order to prevent disruption of the economy's various sectors. He added that the economy, however, remains normal and that the ministers have committed themselves to maintaining the administrative apparatus, with the president of the Republic concentrating himself in political arrangements, with the support of the government's support base in Congress.

Etevaldo Dias said that speeding up the impeachment process would be extremely dangerous because a quick, summary, process involving the president of the Republic, may be politically unfair. He added that the government will use all legal deadlines available in order to neutralize the request for impeachment. [end recording]

Ministers Analyze Political Situation, Budget

PY0309124892 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 2 Sep 92

[Text] Foreign Minister Celso Lafer today met with Economy Minister Marcilio Marques Moreira to discuss the budget allocation for Itamaraty and the political crisis.

The ministers also analyzed the governability pact. Lafer termed the current political situation positive because it strengthens the institutions and consolidates the democracy.

[Begin Lafer recording] I have been very careful about making any statement on the internal political situation because of the automatic repercussions it may have abroad. I have said time and again, even to ambassadors accredited to Brazil, that we are facing a major crisis that is being managed within the framework of the institutions, and that this is being done in keeping with the law. This is positive as it contributes to a consolidation of democracy. [end recording]

Lafer asked Marques Moreira to expedite the disbursement of funds for his ministry. He said that payments are made in dollars and that any delay causes an exchange rate imbalance.

Fleury Hopes For Quick Decision on Request

PY0309215492 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 2 Sep 92 p 8

[Text] In a three-minute speech delivered over a state radio and television network last night, Sao Paulo Governor Luiz Antonio Fleury Filho (PMDB) [Brazilian Democratic Movement Party] asked the people of Sao Paulo to "remain calm," but without losing their "legitimate feeling of indignation over the regrettable facts pointed out and recorded" by the CPI [Congressional Investigating Committee] on the PC [Paulo Cesar Farias] case. "I hope the decision will be made very quickly," he said, referring to the Chamber of Deputies decision on the request for the impeachment of President Fernando Collor.

Defender of the call for impeachment, one of the coordinators of the governability agenda to support a possible government led by Itamar Franco, and a frequent interlocutor of [Economy] Minister Marcilio Marques Moreira, the governor criticized the economic policy: "The Brazilian people, especially those in Sao Paulo, have paid a very dear price for an economic policy which is undermining the country's tranquillity."

Concerned over the decrease in the collection of the Goods Movement and Services Tax (ICMS) [Imposto sobre Circulacao de Mercadorias e Servicos]—a main source of state resources—with the fluctuation of the financial market and the gradual increase in incidents of tax evasion, Fleury Filho decided a few days ago to make the speech. During those three minutes he preached tranquillity and urged the people of Sao Paulo to work. "Any type of delay can further affect the economy, which already is affected by recession," he said. "We are going to intensify our struggle for the resumption of economic development, for the creation of new jobs."

Involved in the preparation of a large rally for impeachment in the capital [Sao Paulo City] on 11 September, together with the FIESP [Sao Paulo State Federation of Industries] and the Union Force, and which must be extended to all parties and other union organizations and civilian organizations, Fleury said that "Sao Paulo will know how to honor its commitments with Brazil, fighting so that the ethical and moral standards will be respected and our country will regain the path of development."

One of the strategists of the impeachment in the state, Fleury has met already with the PMDB federal bloc and is holding daily talks with several governors and colleagues to prepare the terrain for Itamar Franco's installation, should Collor resign or be dismissed. Yesterday he expressed his confidence in the work of the Chamber of Deputies: "The painful and long-suffering process we are experiencing today will be carried out with respect to the Constitution and democratic principles."

The governor asked the people of Sao Paulo "to remain united, respecting the law, order, and the institutions." During the impeachment analysis by the congressmen, he recommended that all continue working and producing, preparing for the "Brazil of tomorrow," which in his opinion "will never be the same."

Franco on Minas Governor's Impeachment Support

PY0309222692 Rio de Janeiro O GLOBO in Portuguese 2 Sep 92 p 4

[Text] Brasilia—Vice President Itamar Franco yesterday emphasized the importance of Minas Gerais Governor Helio Garcia's statement in support of Collor's impeachment. Franco said that Minas Gerais "has a tradition of independence. It would be inconceivable that it would not make known its stand at this grave moment."

"The voice of the Minas Gerais governor always is important. In Minas, independent from political parties, it is the governor who decides on policies. It would be inconceivable for Minas Gerais not to take a position at this grave moment for the country," Franco said.

Yesterday Franco talked with Deputy Jose Dirceu (PT-SP) [Workers Party—Sao Paulo] and agreed with him to promote deep reforms to the electoral system, political parties, and tax laws.

"The vice president said that ethical rules prevent him from discussing a government program. But he remains open to discuss the country's problems," Dirceu said after the meeting.

Congress also praised Itamar Franco, who expressed his wish to return to the Senate "if he could live another life." Franco was a senator before joining Collor's ticket in 1989. In respect for the PFL [Liberal Front Party] leadership's decision to free PFL legislators to vote on impeachment as they wish, Franco said that "conscience is the spiritual power to perceive oneself."

During a meeting of pro-impeachment parties yesterday, opposition legislators tried to talk with Franco on the phone, but the vice president did not return the call.

Mayoral Candidates 'Harshly Attacked' Collor

PY0309140292

[Editorial Report] Sao Paulo O ESTADO DE SAO PAULO in Portuguese in its 31 August edition on page 2 publishes a 250-word article entitled "The Attacks on Planalto Set the Pace of the Municipal Campaigns" reporting that the three main candidates for Sao Paulo mayoralty have "harshly attacked President Collor." It adds that favorite candidate Paulo Maluf (Social Democratic Party) proposed on 30 August the drafting of an emergency plan to help the country survive the inevitable transition and added: "The people can't wait any longer."

The article states that Workers' Party candidate Senator Eduardo Suplicy signed 600 editions of one of his books which contains a project proposing the establishment of a negative income tax. The article adds that in Suplicy's opinion, the "only thing President Collor can do now is to examine his conscience, admit the mistakes committed by himself and his friends, and resign."

Viewing the campaign of the third candidate, Vice Governor Aloysio Nunes Ferreira (Brazilian Democratic Movement Party), the article states that Ferreira's rally on 29 August became "a pro-impeachment demonstration," and that in his speech Ferreira said: "We will organize more demonstrations to oust the gang installed in the government palace."

The article concludes by stating that "the anti-Collor position has yielded good results" for municipal candidates.

Collor's 'Finances' To Be Investigated

PY0309212392 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 2 Sep 92 p 7

[Text] Brasilia—Finance Secretary General Luiz Fernando Wellisch, who is also the Federal Revenue Secretary, said on 1 September that the Federal Revenue Office will investigate taxpayer Fernando Collor's finances provided that no legal impediments or evidence of tax evasion are found. The national finance attorney general is analyzing whether there is a legal impediment to carry this out. According to Wellisch, a group of Federal Revenue Office prosecutors already is investigating Collor's possible involvement in income tax evasion.

Attorney General Aristides Junqueira's advisers have stated that it is up to the Attorney General's Office to take legal action against the president. Consequently, Wellisch should file his charge with the attorney general. The decision to conduct this investigation was made after Wellisch received a request from the National Treasury Fiscal Auditors Union.

CPI To Prove PC Farias Owns VASP Airline

PY0309153892 Sao Paulo FOLHA DE SAO PAULO in Portuguese 30 Aug 92 Section 1 p 5

[Article by Gustavo Krieger and Antonio Carlos Campos from the FOLHA DE SAO PAULO office in Brasilia]

[Excerpt] The Congressional Investigating Committee [CPI] investigating the privatization of VASP [Sao Paulo Airline] will this week receive documents proving that businessmen Paulo Cesar Farias, aka PC, is the true owner of the airline. The documents will come from the CPI investigating the PC Farias case. They show that funds were transferred by the PC scheme to companies of businessman Wagner Canhedo, who appears as the official owner of VASP.

The main pieces of evidence are two checks deposited by PC in Canhedo's account. The checks, which were issued at the time Canhedo had to pay for VASP, totaled $7 million. During that same period, Canhedo received an additional $3.9 million through deposits by ghost account holders controlled by the PC scheme.

In his testimony before the CPI on VASP, PC said that he made a $7 million "loan" to Canhedo without a written contract. Canhedo confirmed that he received a loan, but as far as he remembers the loan was much smaller; that is, only around $2 million.

On 1 September, the CPI on VASP will vote on a proposal to request the lifting of bank secrecy on the accounts of Canhedo, PC, and other people suspected of being part of the scheme. A bank investigation has been requested by deputies of the Workers Party, the Brazilian Social Democracy Party, the Democratic Labor Party, but the request was rejected by CPI coordinator Pedro Correa (Liberal Front Party-Pernambuco State).

Supporters of the government and of PMDB [Brazilian Democratic Movement Party] leader Orestes Quercia have joined forces to resist the investigation. Government supporters are afraid that the investigations may further implicate President Fernando Collor with the PC scheme. The PMDB deputies, including CPI chairman Nilson Gibson (Pernambuco State), fear that the CPI might implicate Quercia because VASP was privatized under his tenure as governor of Sao Paulo State.

The package of documents to be sent by the CPI that investigated the PC Farias case includes further evidence of connections between Canhedo and the PC scheme. Ana Acioli, President Collor's private secretary, withdrew the entire balance of her banking account on the eve of the freeze on new cruzados implemented under the Collor Plan. Acioli then bought a money order from the Mercantile Credit Bank. The check, worth the equivalent of $63,000, was transferred to the Wadel Transportation Co., which belongs to the Canhedo group. [passage omitted]

Marches Against Collor Held in Several Cities

PY0309181892 Rio de Janeiro Rede Globo Television in Portuguese 1600 GMT 3 Sep 92

[Text] Students again are on the streets demanding the impeachment of President Fernando Collor. Students and metal workers today staged marches in Osasco. Many Brazilian flags with a black sash were seen among the demonstrators, and confetti was thrown from nearby windows.

The student demonstration began early in Fortaleza. They arrived from several points of the city and concentrated in the square outside the Law College.

Students in Porto Alegre painted their faces demanding Collor's impeachment. They increased in number as they marched by several schools. At the end of the morning the students marched downtown.

Newspaper Views Vice President's Plans

PY0309132292 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 1 Sep 92 p 7

[Article by Suely Caldas]

[Text] Rio de Janeiro—Itamar Franco, the vice president of the Republic, will take advantage of the "national unity" government's honeymoon atmosphere with which Congress is viewing his possible tenure to negotiate the approval of the fiscal reform bill, which, in his opinion, represents an urgent and priority step toward positively cutting inflation and helping stability. Itamar stressed to some of his friends that only with a fiscal surplus prompted by the fiscal reform will it be possible to reduce interest rates and regain economic growth. Itamar agrees on these points with current Economy Minister Marcilio Marques Moreira.

Today—according to a small group of friends with whom Itamar has exchanged ideas—Marcilio Marques Moreira would have a 75 percent chance of continuing as a minister if Itamar assumes the presidency because it would be a waste to disregard—during the transition period—the respectability that Marques Moreira enjoys abroad and here with the Brazilian entrepreneurs. Nevertheless, after that period, Marcilio's continuation in his post will depend on his level of affinity and agreement with the possible new president over solutions to our country's economy. Itamar intends, however, to announce the name of his economy minister shortly before his inauguration.

Privatization

There is more agreement than disagreement between Itamar's and Marcilio's beliefs. There are, however, some corrections to the current economic policy course that Itamar does not intend to give up. The most important of these involve the privatization issue (he wants a larger portion in cruzeiros for the purchase of state-owned companies) and the opening rate to foreign trade. It is almost certain that the deadlines and percentage reductions on import duties will be delayed, particularly those of consumer products that are considered superfluous, such as toys and cars. The vice president believes that the trade opening process was too fast because it depended just on the executive branch acts. He thinks the executive branch left behind other reforms that would have complemented the trade opening process and that, although they should have been implemented simultaneously, they are still crawling through Congress. Itamar Franco believes that, combined with the foreign trade opening, there should be laws to stimulate foreign investment (the law on industrial property is part of it) and to attract modern technologies and foreign scientists to work in Brazil.

Exchange

If he takes office, the vice president will maintain the current exchange policy, which he deems correct, and the Central Bank will continue to regulate the tax rate and maintain it compatible with the inflation rate. He believes that with the end of the political crisis, the difference between the official and the free market dollar exchange rate will decrease to its pre-crisis level. Although critical about a possible extension of the recession period, the vice president has told his closest circle of friends that he is aware that the necessary fiscal reform may delay the resumption of the economic growth. He added that he believes growth will be delayed for a short period of time, until inflation is defeated, and thus open the way to economic stability.

Common Market of the South [Mercosur]

As a part of the foreign trade opening program, Itamar Franco also plans to slow the rhythm of the customs fees reduction being implemented among the Mercosur member countries. He believes Mercosur is necessary for

the continent, but he believes 1 January 1995 is too soon to eliminate all custom fees. He also believes it is possible to reactivate some non-tariff trade barriers, such as the import duty on the manufacture of some domestic products which still need to be protected.

Press Association Head on 'Finished' Government

PY0309224792 Sao Paulo VEJA in Portuguese
2 Sep 92 p 7,8,9

[Interview with Brazilian Press Association [ABI] President Barbosa Lima Sobrinho by Marcelo Auler "last week" at Lima Sobrinho's house—exact location not given]

[Text] [Auler] You already have witnessed the fall of five presidents, and now Collor is facing his collapse. Is it complicated to change a government in the middle of its term?

[Lima Sobrinho] Changes in government do not cause major problems. Public administration relies on its departments and employees. The British Government changes from one party to another without trauma. It is common to say that employees are more professional there, but here everyone is doing their job.

[Auler] Has a Brazilian president ever faced as many corruption charges as President Collor?

[Lima Sobrinho] A scandal occurred at the REVISTA DOES TRIBUNAIS magazine under the administration of Artur Bernardes [Brazilian president from 1922 to 1926] because of the privileges and considerable funds it obtained to set up a printing plant. The huge sum scandalized the country and a movement was formed to protest the case. A sanction was imposed on the magazine, which then ceased publication. Nowhere does a government resort to ghosts to seek support. People without CPF [Individual Taxpayers Register] and identity cards had current accounts and financed Brazil's president. How can this be? We are moving from this earthly life to a true mythological one. This could be the worst scandal ever in Brazil.

[Auler] Some people compare this period with the end of the Getulio [Vargas] administration.

[Lima Sobrinho] At that time, military personnel, not civilians, demonstrated. The opposite occurs now. I talked with Deputy Dias Leite in Pernambuco 40 years ago. He said that Getulio was lost. I replied that there still was a solution: to commit suicide. He was frightened: "Getulio, a sybarite? This is out of his reach." But it was.

[Auler] Why did you decide to head the request for impeachment?

[Lima Sobrinho] I convinced myself a long time ago that the president was involved with PC [Paulo Cesar] Farias. This is the case of siamese twin brothers. Collor and PC are linked in such a way that they cannot be separated. The process to separate siamese twins is a high risk operation. Convinced of this perfect union, I could not refuse to comply with what I regard as my civic duty.

[Auler] What were your feelings when you received the invitation?

[Lima Sobrinho] I had the impression that it was 1973, when I accepted the opposition's proposal to run for vice president. To me, the call of duty outweighs any other feeling. When I have to fulfill my duty I feel neither vanity nor happiness. I remember that in 1948, when I took over as governor of Pernambuco, the highest post I ever held, I said exactly the same thing in my speech. I said that I was above all aware of my responsibility. To me, there is no retirement from the service to the fatherland and to society.

[Auler] Has your conviction developed during the work by the CPI [Congressional Investigating Committee]?

[Lima Sobrinho] When the statements revealed the purchase of land beside Casa da Dinda, an automobile purchased by a ghost, and the work done in Collor's house—all for a considerable amount of dollars—I realized that it actually was necessary to replace him in order to conclude the investigation. Facts unquestionably reflect illegally obtained wealth.

[Auler] Is the Collor government finished?

[Lima Sobrinho] Morally, it is finished. Collor has no more chances of being respected as president. His presence can foment civil disobedience, and this would be even worse for him and for Brazil. All of us would not like the people, for example, to stop paying taxes. The president's resignation is the best way to prevent this.

[Auler] Do you think he will resign?

[Lima Sobrinho] No, because I believe the president will not make a gesture of greatness.

[Auler] So there will be an impeachment process?

[Lima Sobrinho] We will resort to the impeachment or to its rejection and the permanence of a president that has his private expenses paid by other people. When the president made his first defense on television he said: "They went so far as to say that I do not pay my house expenses." What he considered to be an exaggeration is becoming a reality.

[Auler] President Collor accused those who defended the investigation of being members of a "coupist syndicate." Have you heard of that?

[Lima Sobrinho] As a matter of fact, it has been proven that the "coupist syndicate" is the best expression for someone defending a corrupt president in power, or of those who want a different solution than the installation of the vice president.

[Auler] What would you have done had you been a minister in Collor's government?

[Lima Sobrinho] I always believed that the ministerial position is a position of mutual confidence. Whoever is in the ministry is there because he trusts the president.

[Auler] Is this the case for Justice Minister Celio Borja and Economy Minister Marcilio Marques Moreira?

[Lima Sobrinho] I am under the impression that Celio Borja went through a great deal of soul searching. He is a dignified man who represents the principles of the old UDN [National Democratic Union] against corruption and dishonesty. The case of Marques Moreira is different. He has a program with the World Bank and the IMF and wants to implement it at any cost.

[Auler] The ministers said they will remain in their posts during the crisis for the sake of governability. What will the transition period be like for the government of Itamar Franco?

[Lima Sobrinho] We need to draw a new economic plan. The model implemented by Marques Moreira is responsible for the recession and for a wave of privatizations empoverishing the state. We need to summon the economists of greater authority to help stimulate Brazil and stop the recession.

[Auler] Do you have any apprehensions regarding a Franco government?

[Lima Sobrinho] On the contrary. Franco has a much better political background than Collor. In the Senate he always proved to be a dignified and correct man. In Juiz de Fora, Minas Gerais, where he was born, he is respected as a man who honors the old politics of Minas Gerais with honesty and dignity. He was chosen for the vice presidency because Collor himself felt he did not have a great political life and he needed a name to back up his candidacy.

[Auler] Governor Leonel Brizola said that the Latin American tradition is that vice presidents do not take over.

[Lima Sobrinho] We have the example of Joao Goulart, a vice president who did take over. The 1964 coup was the result of his actions in the presidency. It is true that before he took over, a change was made in the parliamentary system. As a deputy I came up against that. It was thought to be a solution to a different type of problem.

[Auler] Can you compare Itamar Franco with Jose Sarney, another vice president who took over unexpectedly?

[Lima Sobrinho] Itamar Franco has more tradition and is surrounded by very important political figures, such as Aureliano Chaves and other Minas Gerais leaders, who probably will cooperate with him. Franco will also have a better chance of a good understanding with Minas Gerais Governor Helio Garcia. These figures command moderating forces that will gather around the president to give him the necessary support. I think that [Sao Paulo Governor Luiz Antonio] Fleury will cooperate with Franco because there is a tradition of political cooperation between Minas Gerais and Sao Paulo that in the past brought Brazil a long period of peace, understanding, and conciliation.

[Auler] What can we expect from a Franco administration?

[Lima Sobrinho] Franco must be free to govern. His alliance with Collor goes as far as providing support for the ideas set forth in Collor's platform. If we check on his initial government program we will note that he considered profitable public companies untouchable. I have a copy of that program. Franco does not have to follow ideas that Collor adopted after he took over. Franco did not participate in the reorganization of ministries, or the entire infrastructure, for instance.

[Auler] Would a parliamentary system of government solve the crisis?

[Lima Sobrinho] I think it would not be a good idea to adopt it as an emergency measure. It would be an interesting alternative in the future. The parliamentary system has good solutions for grave problems. We can compare how the abolition problem was resolved by the Brazilian parliamentary system and the U.S. presidential system where the decision provoked a war that killed 140,000 people. In Brazil it was possible to dismantle slavery without the spilling of blood, as opposed to what happened in the United States. It would have been much easier today to remove the president if we had a parliamentary system.

[Auler] Do you think the house will be clean if only Collor is removed? What about the corruption scandals involving other politicians?

[Lima Sobrinho] I always remember a section of Roman history mentioning the fight of the Curiacios. At one point there were three Curiacios against one Horacio. Horacio fought each of the three Curiacios, defeating them all. Today the problem is the presidency of the Republic. We have to resolve that problem before we can confront other less immediate problems.

[Auler] What about the entrepreneurs who gave the money to PC [Paulo Cesar] Farias? Should they also be tried later?

[Lima Sobrinho] Their participation is one mystery that has not been clarified completely. It is common for entrepreneurs to call on politicians, particularly in a case like this where PC Farias introduced himself to people like Antonio Emirio de Moraes [leader of Votorantim's business group], and promised assistance. It was all a joke. No consultation service was ever provided. There is no doubt that something must be done about this type of relationship. Political power cannot exist at the expense of the economic power. Many other things must be clarified as well. We must investigate all that reported by the CPI.

[Auler] Would you compare the current movement against corruption with the UDN moralism of the 1950's?

[Barbosa] The UDN moralism was a political weapon used to take over power. Today's moralism is a real revolt against corruption and all the abuse. The conclusion was that the president was portrayed as not having any other goal than to get rich.

[Auler] What is Governor Brizola's role in this crisis? He characterized the PT [Workers' Party] as an "improvised UDN" and the impeachment movement as coupist.

[Lima Sobrinho] Brizola corrected himself when he accepted the PDT [Democratic Workers Party] vote in support of the impeachment. There is no shame in that. He gave in before the people and pressure from his party. The PDT would have split or lost importance if he had insisted on supporting Collor.

[Auler] Did the party or the people in the streets apply the most pressure?

[Lima Sobrinho] The pressure of the people in the streets, particularly from the young people, was decisive. Students set an example that motivated the country. They showed much more patriotism than older generations. Politicians must humble themselves and follow the young people's example.

[Auler] How does the ABI president see the role of the press in this entire episode?

[Lima Sobrinho] The work of the Brazilian press resembled the work of the U.S. press. Those two young fellows at THE WASHINGTON POST, Bob Woodward and Carl Bernstein, were the true heroes in the Watergate affair that forced Nixon to resign. That type of reporting used to be very rare in Brazil. For the first time we are reaching the level in journalism that is in the best American tradition. This happens when reporters investigate situations that deserve more attention. The Brazilian people have been widely informed. The press is doing a great job and people can be pleased with its work. The press will again be the fourth power after this crisis. For a long time it was not a power at all.

[Text] [Auler] The government has accused the press of being moved by interests other than the task of informing its readers.

[Lima Sobrinho] Collor has centralized the publicity funds at Planalto Palace. Newspapers and magazines, therefore, would have been in a much better position had they received those centralized resources instead of fighting the president.

[Auler] Did the CPI do a good job?

[Lima Sobrinho] I must admit that the result has surprised me considerably. The congressmen did as much as they could. The number of testimonies is not large, but the care they took, their zeal, and their effort have developed this investigating committee into a unique case in Brazil. The CPI was compared to the U.S. investigating committees which rigorously studied the facts. They have better resources there. Here it was difficult to obtain money to contract the Kroll [an auditing company], for instance. The funds earmarked for the committees are insignificant, and they indeed need the broad advice of paid technicians and specialists. Yet, for the first time a CPI has fulfilled its task in a brilliant manner.

[Auler] Do you think the country has changed with the approval of the CPI's final report?

[Lima Sobrinho] It was a great moment. But we must not let those crimes included in the report go unpunished. The CPI has managed to change something in the country precisely because it created the possibility of reacting against corruption. It's work will be incomplete without punishment. Impunity will create a natural revolt. The people will continue to take to the streets and their reaction will be increasingly more justified.

[Auler] Has the CPI risked the institutions at any given moment?

[Lima Sobrinho] An investigation process of this type is a costly option which demands sacrifices. But would it be interesting for Brazil to continue being led by a corrupt president? Then, the choice was given to liberate it from a corrupt individual. And the only manner to make that change without a coup is through a presidential succession. Antonio Carlos Magalhaes has talked about overthrowing the president, but how? The Constitution must be fulfilled. The institutions will be strengthened with this process.

[Auler] Can Brazilians now feel proud of their congress?

[Lima Sobrinho] The truth is that the country can be proud of its CPI. In the final vote, the expectations were exaggerated, because we agree that a 16 to five vote is a landslide victory. But we must wait for congressional action in response to the exceptionally well done job.

Collor Authorizes Funding of Social Projects

PY0309135892 Sao Paulo FOLHA DE SAO PAULO in Portuguese 28 Aug 92 Section 1 p 9

[Text] President Fernando Collor de Mello has authorized the Federal Savings Bank to use 500 billion cruzeiros from the Social Development Fund for public housing, basic sanitation, and projects of infrastructure.

The disbursement is part of the money promised to Social Action Minister Ricardo Fiuza. Collor also signed decrees opening supplementary credit lines. The first decree involves 8.1 billion cruzeiros for health and second decree 6.02 billion cruzeiros for Embrapa (Brazilian Agriculture and Livestock Research Enterprise).

Salary Payment To Surpass 1992 Budget Limit

PY0309131092 Sao Paulo FOLHA DE SAO PAULO in Portuguese 28 Aug 92 Section 1 p 9

[Text] Salaries expenditures will surpass the 45 trillion cruzeiros limit established in the 1992 National Budget, even without the impact of the salary equity granted by the government on 27 August. The government will have no funds to cover these additional expenditures unless it prints money.

Even without considering the salary equity readjustment, the government would have to spend 24 trillion more until the end of the year. The overall disbursement would total 51.1 trillion cruzeiros.

Colombia

Attorney General Seeks Investigation of President

PA0309171892 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1642 GMT 3 Sep 92

[Text] We have a late minute report. Emisoras Caracol Network has just reported that the attorney general has asked that President Cesar Gaviria, former Foreign Minister Luis Fernando Jaramillo, and former DAS [Administrative Department of Security] Director General Miguel Maza Marquez be investigated in connection with the case of former Justice Minister Enrique Low Murtra, who was murdered one year ago by drug traffickers.

According to a report by the attorney general, the government is responsible for the persons who carry out delicate duties and it must provide their security. As is known, the bodyguards of the former minister were removed, which made it appear that the government acted with negligence in the case of the murder of the former minister.

On 4 September, the attorney general will present the conclusions of this report, but the most important aspect is the request to investigate President Gaviria, former Foreign Minister Luis Fernando Jaramillo, and former DAS Director General Miguel Maza Marquez.

'No Reason' To Begin Investigation

PA0409001692 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 2300 GMT 3 Sep 92

[Text] Even though the government abandoned former Minister Enrique Low Murtra, the Attorney General's Office found no reason to conduct a disciplinary investigation of the government employees in charge of his security. The Attorney General's Office has concluded its investigation of the case and has decided to dismiss the disciplinary process. In other words, the procedure followed by the government when the former minister returned from Switzerland was in keeping with the law.

Despite the threats Low Murtra had received, he never received state protection, which made the paid assassins' work easier. Nevertheless, the Attorney General's Office found that there were no abnormal procedures surrounding the case. Now the attorney general is considering the possibility of deferring the investigation to the Chamber of Representatives. That body would evaluate the government's political responsibility in the case.

The final result of the attorney general's investigation was not well received by late minister Low Murtra's relatives. One of his daughters stated in Santa Fe de Bogota on 3 September that she did not agree with the dismissal of the disciplinary action, and as far as the family is concerned, the national government is still totally responsible for the murder.

[Begin Amalia Low recording] This is not surprising because the government has always shown a total lack of fairness, and it is obvious that neither justice nor the government nor anyone [words indistinct]. [end recording]

In addition, the family of the late minister has doubts about the results of any trial held to establish political responsibility.

[Begin Low recording] It would prove that some justice is still alive in this country. Nevertheless, I think they will decide to do nothing, to forget the case. [end recording]

FARC Demands Regional Talks Be Held

PA0309221792 Santa Fe de Bogota EL NUEVO SIGLO in Spanish 29 Aug 92 p 15a

[Excerpts] The self-styled Revolutionary Armed Forces of Colombia [FARC] on 28 August rejected the resumption of talks with President Cesar Gaviria Trujillo's government in October and demanded that the so-called regional talks be held.

FARC's new stance was revealed in the past few hours when one of its fronts obstructed the highway linking Casanare and Arauca Intendances and Meta Department.

The insurgents interrupted traffic for several hours in the area known as Guayabal, only 5 km from Paz de Ariporo Municipality, northern Casanare. [passage omitted]

Presidential peace adviser Horacio Serpa Uribe reaffirmed the unwillingness of President Gaviria's government to authorize regional talks, saying that they would only prolong the conflict in Colombia and offer no peace alternatives to Colombians. Serpa made the statements at a regional peace forum in Valledupar.

Serpa insisted that regional talks are not advisable and said he would not authorize them.

He said the government thinks it is necessary to analyze various factors in each region to counter the scourge of violence and insecurity.

"We must try to overcome the guerrilla problem. This is very important, and we plan to achieve our goal with the guerrillas' participation. The government is inviting them to help bring about conciliation and tranquillity for Colombians," Serpa added.

Short- and medium-term solutions will be sought at this forum, which will analyze the various forms of violence that are affecting Cesar Department.

Alejandro Linares, presidential adviser for social policy; Ricardo Santamaria, presidential adviser for national security; Cesar Manuel Garcia, director of the National Rehabilitation Plan; and Cesar Department Governor Lucas Segundo Gnecco are also attending this forum.

DANE Reports Decrease in Family Basket Price

PA0409013292 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1630 GMT 2 Sep 92

[Report by Lucho Parra]

[Text] The National Administrative Department of Statistics [DANE] has reported that the price of the family basket has started to go down. August was the least expensive month of the year. Despite increases in the prices of clothing and medicine, the cost of living dropped over the past 30 days. The cost of foods such as potatoes, plantains, carrots, yams, onions, and vegetables, which were high early in the year, dropped today due to the second semester crop. The prices of broad beans and green beans were also down. At the same time, the price of beef, poultry, and fruit increased. Overall the August price index fell from 1.99 percent to 0.75 percent.

[Begin DANE Director Rodolfo Uribe recording] We must discipline ourselves in our eating habits and buy what is available in the market. [end recording]

Lingerie and underwear, which keep getting skimpier and skimpier, continue to be expensive, and their prices tend to increase in September. Strangely enough, electricity costs rose despite rationing. The cost of potable water and sewer service rates also rose, as did the prices of irons, kettles, and curtains. The prices of medicines such as vitamins, painkillers, antibiotics, antacids, and drugs prescribed for influenza also increased. In the first eight months of this year the consumer price index was 21.02 percent under the inflation goal, which was set at 22 percent.

Ecuador

Duran-Ballen Speaks on Applying 'Correctives'

PA0409045292 Quito Radio and Television Networks in Spanish 0133 GMT 4 Sep 92

[Speech by President Sixto Duran-Ballen; place and date not given—live or recorded; broadcast in progress]

[Text] ...administrative. You will recall that during this period I visited Colombia, the United States, and Spain to begin the essential opening of international financing. Nevertheless, today, 24 days after I took office, I wish to present the real situation in which we have found the country and to assume the unavoidable responsibility of applying immediate and lasting correctives in the face of this chaos. If we do not do so, the situation will become unmanageable and in a few months it will become explosive.

I am presenting this situation to you today not because of some deadline set by custom or because of the understandable national clamor for rectifications, but simply because we have completed, without improvisations and also without rest, the analysis of the grave crisis. We have had to draw up the proposal to control it, we have had to plan compensatory measures, and we have had to gradually prepare the Ecuadoreans for them.

In my 10 August speech I said I would maintain a civic spirit with decency, firmness, and, above all, with seriousness. At that time I had just a preliminary analysis of the Ecuador I was receiving so I could not go into depth about it without first becoming knowledgeable about the structure and [word indistinct] of the state. Now I am knowledgeable. I also said then that I would recognize past successes with generosity. I have already done so. I am willing to maintain those few achievements. Nevertheless, I also stated that I would point out the mistakes without stridency or distortions. Now is the time to do so. We can all be sure that if these mistakes go beyond bad faith, negligence, and misunderstandings and enter the sphere of the fraudulent and illegal, and if there is documented proof, I will turn those cases over to the proper authorities for the appropriate investigations and punishment. Without a desire for revenge or persecution—as has been my attitude throughout my life—I will ask for punishment for those who never had time or respect for the huge tasks that demanded [word indistinct] attention but who had time for secondary and unnecessary issues.

I have not nor will I now stop to look at the past, much less to lament it. I was aware of the seriousness of the situation I would face, although I never imagined that the demagoguery would leave it so bleak. I will not accept any type of polemics regarding the inventory of the country that I plan to undertake. If I have taken too long—some sectors believe 24 days is too long—it has been precisely because of my desire to act calmly and correctly. I must now proceed to act with the country we have received. This situation is not based on impressions but on realities. For example, the teachers are unpaid. That is not an impression but a reality. The hospitals are on the brink of paralysis. That is not an impression but a reality. The public projects contractors have halted their work for lack of payment. That is not an impression but a reality. They are unpaid so the projects have been suspended. What is worse in this case is that international financing is paralyzed and we do not have those resources. The workers have an increasingly diminished

purchasing power. That is not an impression but a reality. The productive sectors do not have any incentives or credits. That is another reality. The provincial governments do not have resources. In these few weeks, nearly all of them have asked for help from the state and [words indistinct].

A few examples can illustrate this irresponsible handling of the economy. The salaries of the professors were increased by 122 billion sucres [words indistinct] a reality not an impression. Despite its shortage of funds, 383 employees were hired by the IESS [Ecuadoran Social Security Institute] in less than three months, and its higher council approved an organizational structure that permits the entry of more consultants and employees. In that same institution, elevator operators have been hired for hospitals that do not yet have elevators. They did not have the time or the integrity to sign projects of such importance as that of the Daule-Peripa (?road). They did manage, however, to obtain last minute appointments and transfers. These were not hundreds but thousands of appointments, many of which, by the way, are illegal.

Individuals whose resignations had been accepted were immediately employed at other state institutions. Imagine that, fellow citizens; they were annulling, disparaging, and corrupting the very mechanism being used to reduce the state payroll. Millions were paid to a citizen in severance pay, and the following day he would be placed at another institution. These are not my opinions, they are facts.

To supervise the delivery of fuel from the refineries to the multiproduct pipelines throughout Ecuador, firms that lacked the experience and infrastructure were contracted for approximately 1.2 billion sucres. On what basis? Based on assessments made by the state's own employees who already render these services.

The Public Health Ministry's equipment was never used or installed. That equipment is still stored around the country and is probably obsolete and damaged. There are no replacements for that equipment, which has never been used, and their guarantees may have expired.

Hear me, fellow citizens; we failed to use foreign credit resources in a timely manner. During the 1988 through 1992 period we paid the World Bank more in interest than what was invested in (?goods) and services. The economic indexes clearly reflect the nation's considerable deterioration. There is a deficit in the consolidated public sector—or, in other words, absolutely all of the government institutions—of 1.3 billion sucres. This is approximately $800 million. In other words, half of the state's budget. That is enough money to build 80,000 low-cost housing units or to educate 450,000 poor children for a year.

That deficit, fellow citizens, represents 7 percent of the gross domestic product, when a manageable figure in any country would be between 1 and 1.5 percent. Countries like ours that depend on a single nonrenewable resource like oil should have a surplus.

Fellow citizens, despite the what we were told, there is no liquidity in the monetary reserve. In other words, we do not have the resources to pay for our minimum imports for more than approximately 15 days. That is where things stand now, fellow citizens, and that is without delving into other details that would surprise anyone.

From the beginning this almost catastrophic situation did not scare me, although it did worry and anger me. As soon as we began to wind up the mechanisms to confront this problem, we also initiated a search for ways to compensate the neediest sectors during the initial impact. The impact of a corrective process was inevitable with the prevailing social structure. The variety and complexity of these compensatory measures were the main factors that prevented the earlier implementation of the new economic plan. I have tried to be broad-minded and imaginative to avoid doing too much damage to our society's most vulnerable groups.

To that least protected group of society I wish to honestly say that it is impossible to execute all the planned projects at this time because of the framework required for that purpose. I request your understanding, your patience, your cooperation, and your absolute certainty that with each passing day compensation measures will increase. I will not hastily make false claims that we will pay the social debt, because that is an obligation that extends far beyond any presidential mandate. However, I will promise that at the end of my four years Ecuador will have less poverty. I commit myself to that task.

In light of this situation, if we do not apply immediate corrective measures, inflation will surpass 100 percent in a few months and the drop in wages will be even worse. In addition, we will not be able to pay salaries or maintain programs such as school breakfast, community networks, or daycare centers. Unemployement and underemployment will increase. All things considered, we would really have an explosive and uncontrollable situation. You can believe that it would be the case, my fellow Ecuadoran citizens.

Aware for the first time of the social impact and the urgency of straightening out our economy, we have planned the following: The cost of public urban transportation will remain at the level currently in effect. Transportation will continue to be subsidized. The generic medication program will be created in order to significantly lower medication costs. We will take the necessary steps to promote the 16th month bonus [decimo sexto sueldo] so the Ecuadoran worker will have an additional income. We will freeze electricity rates for those sectors that consume the least, and we will maintain the price of kerosene for household use and regular gasoline at the current levels. We plan to distribute food at fair prices. Direct employment will be created by means of a rapid employment program. Health centers will enhance medical attention to mothers with low incomes and their children. There will be a 10,000-sucres

increase in monthly compensation for cost-of-living imbalances. Attention in daycare centers will be expeditious.

I wanted to address the social compensation measures first and then refer to the economic correctives. That has been my order of priorities. I am aware that I cannot perform emergency surgery on this frail country without first preparing it, orienting it, and putting it on a special diet. I am also aware, however, that if because of that initial trauma I delay or decline to implement the necessary measures, the patient will weaken and die. The decisions I have made are part of the evenness and depth with which a crisis should be handled; always and sincerely thinking in terms of national interests first of all; always thinking of our children's future.

[The network broadcast of Duran-Ballen's speech ends at 0148 GMT. A Quito Voz de los Andes announcer states that Duran-Ballen's speech should have lasted 60 minutes, but lasted barely 15 minutes, "in other words 45 minutes of his address to the nation were not heard." At 0152 GMT Quito Radio Quito in Spanish begins broadcasting recorded excerpts of Duran-Ballen speaking on economic measures interspersed with music.]

More on Speech

PA0409054092

[Editorial Report] Quito Radio Quito in Spanish at 0152 GMT on 4 September broadcasts recorded excerpts of a speech by President Sixto Duran-Ballen interspersed with music. The place and date of the speech are not given. At 0152 GMT President Duran-Ballen states: "A tax will be imposed on the assets of enterprises, and public expenditures will be drastically reduced by at least 4 to 5 percent. This will prevent the squandering of approximately 70 billion sucres by the end of this year. In addition to that tax, a number of parallel measures will be taken to control, restrict, and organize the state's actions. Among the most important of those measures are: a freeze on the high salaries of public officials, particularly in the sector known as (?passive); a restriction on the use of government vehicles that are for official use only; a restriction on free air fares on the Ecuatoriana de Aviacion airline; a limitation on the technical syndication that has exalted certain privileges despite the national poverty, a situation that is unacceptable; an elimination of employee appointments that continued despite the restriction of public expenditures we experienced in the past; the elimination of vacancies and their respective allocations; the mandatory contribution at the end of the year by the so-called autonomous sector; and the termination of the mechanism of resignation purchases to which I previously referred.

"Many of these measures must be debated by the National Congress. That is why I am presenting them to you this very night to complement the measures and reforms. It is an effort to achieve harmony with the measures to be taken by Congress in a few days. Those measures include the state privatization modernization law; the public sector budget law; reforms to the public contracting law, which hampered the state; the administrative procedure code; the stock market law; and the corporations law reforms. In this way I am not only applying stabilizing correctives, but I am attacking the root causes of this crisis."

At 0156 GMT the station begins to broadcast music.

At 0201 GMT another portion of President Duran-Ballen's speech is broadcast. The president states: "If we are going to cooperate patriotically, I hereby ask everyone to make sacrifices. Businessmen have a special responsibility. Many of them are represented in my cabinet and in other institutions.

"They must not only prove that they can be economically successful, but also that they can provide social services. [words indistinct] They must take into consideration small shops as well as big stores. They are the ones who are most closely related to the people. There are no miracles. [words indistinct] This is no longer difficult to do in Ecuador."

At 0202 GMT the station begins to broadcast music.

At 0203 GMT the station broadcasts another portion of President Duran-Ballen's speech. The president states: "I ask Congress, the political parties, the church, the Armed Forces, the labor and business sectors, the associations, and the professional sectors, all the people of Ecuador, this Ecuador we say we love and respect, the Ecuador we want to turn into a great country: Let us call a political truce and decidedly and firmly confront the major national issues.

"Let us have a change. Otherwise, the measures we adopt will be like those of the past; just another economic package, not a change of direction to improve the nation.

"From the moment we initiated the 1992 campaign, and later with the support of the Ecuadorean people, we have called for a consensus on how to face the country's problems and for a joint search for solutions. The measures to which I have referred will [words indistinct] the challenge of telling the truth, of turning a people [words indistinct]. Let us put our personal, class, and party interests aside and achieve what we have not been able to achieve: progress. Let us march with optimism and [word indistinct] on the new path that you chose in May and July.

"May God always be our guide." The broadcast ends at 0208 GMT.

Venezuela

President Perez Holds News Conference

PA0409002392 Caracas Venezolana de Television Network in Spanish 1556 GMT 3 Sep 92

[News conference by President Carlos Andres Perez at the Miraflores Palace Journalists' Room with unidentified domestic reporters on 3 September—recorded]

[Text] [Perez] I did not come here to make a statement, I came to visit you, but since you are always so impertinent, you will probably try to make me speak.

[Reporter] Mr. President, the microphones are yours.

[Perez] No. I only came to visit you. To hear from you if the things we talked about have been done or, if not, to find out what happened.

[Reporter] [Question indistinct]

[Perez] No. I do not believe that happened. They are responsible people, therefore, I doubt that could happen. I do not know what is happening, and as you know, I cannot act in that area.

[Reporter] Are you confident that those officers were not involved?

[Perez] I prefer not to comment. I hope this is not true. Some of them worked with me and I know they have acted responsibly.

[Reporter] Do you think an in-depth study of the negotiations conducted by the Armed Forces is necessary to prevent future problems?

[Perez] Well, that is what we have been and are still doing. First of all, you must realize that this situation involving the IECA Company did not go to court because it was reported by an outsider or as a result of a news report. The government, after detecting presumed irregularities based on reports received from the Armed Forces comptroller general, decided to conduct pertinent investigations through a military court. It was the government's initiative, which shows the concern and zeal with which the government is handling this situation.

[Reporter] By the way, Mr. President: The chairman of the Judiciary Council said on 2 September that the national executive branch should not interfere in the decisions of the judiciary branch.

[Perez] The executive branch does not interfere. It intervenes only to present investigations and that is all. The rest of the time, we are absolutely impartial and very discreet and prudent. The only thing we do is to provide support.

[Reporter] I was referring to the strike....

[Perez, interrupting] I was very clear when I spoke. Unfortunately, the problem is that I do not know what method we should use so things we say are printed correctly in the newspapers. I said that the government will abide by and will respect all decisions of the judiciary branch. A reporter asked me what I thought about being hasty. I answered that the Safeguard Tribunal [Tribunal de Salvaguardia] should be the body to determine if there has been any haste in this matter. That is what I said.

[Reporter] Once again, we hear talk about charges of [word indistinct] of tanks and that over 10 million [currency not specified] have been spent on....

[Perez, interrupting] According to reports received from the Armed Forces inspector general, the Armed Forces Office of the Comptroller General, and the defense minister, instructions were issued many months ago to begin investigating all contracts. At the same time, it was decided that an Arbitration Commission would study the Army's complaints on the handling of this situation and the explanations given by the enterprise. This is being worked on and action is being taken on this.

[Reporter] [words indistinct] 10 million bolivares on 10 new planes?

[Perez] Look, this is the information that has been given in a rather hasty manner. There is an agreement with Spain on a loan they offered us when I visited that country. The purchase of transportation airplanes, not war planes, for the Armed Forces is included in this agreement.

[Reporter] Mr. President, concerning your austerity measures, it is being said that a decision has not been taken to reduce the number of persons that remain in.....

[Perez, interrupting] The entire process is under way. Precisely, we decided on 3 September that on 7 September all ministries must report to the Economic Cabinet on how they are implementing the measures, according to the distribution that was made during the 28 August Cabinet Council meeting.

[Reporter] [Words indistinct] concerning Article 5, it is indicated your party does not understand you.

[Perez] Well, I really could not report on that. Unfortunately, the newspapers' headlines also have an influence on this. One newspaper carried a headline that read: Nationalism is in Vogue. I did not say that, the newspaper did. Another newspaper carried a headline reading: The President Proposes the Modification of Article 5. As it turns out, the report published by the newspaper did not say that, but the headline was misleading. That is a problem you have to solve. If journalist ethics allow you to print a story with a different headline, that is your problem.

[Reporter] Yes, Mr. President, but it seems the people [words indistinct] articles?

[Perez] I suspect...

[Reporter, interrupting] They were referring to Sarajevo...

[Perez, interrupting] I suspect that on some occasions, unfortunately, many people only read the headlines, and on other occasions many people want to give the impression that they only read the headlines.

[Reporter] Are you asking for the implementation or modification of Article 5?

[Perez] I never requested....[pauses] You have an unedited copy, one that even contains some mistakes, of what I told journalists in the provinces. It was delivered to you by the Miraflores Palace Press Office. Everything is very clear there. At no time did I request or propose to reform Article 5. I explained that we must implement Article 5.

[Reporter] Mr. President, prosecutor general [words indistinct] that the Constitution be respected?

[Perez] I think we all must request it. The responsibility of the president of the Republic is to fulfill the law and see that the law is fulfilled. The president is the ultimate leader of that policy. The prosecutor general is also tasked with ensuring that the law is fulfilled.

[Reporter] What did you mean when you said that Article 5 will be implemented, but other measures will be necessary?

[Perez] No, I did not say that. You must read what I said when I referred to a [word indistinct] nationalism. It would not be strange if in the future we also had to modify Article 5. That possibility, however, has not been considered at this time.

Article 5 is not the entire Nationalization Law; just Article 5 of the Nationalization Law. The first four articles define nationalization. Article 5 creates certain exceptions to the general rules. I had to put up a big fight to get that article approved. I knew it would be seen in due time. I stated that perhaps in the future—in order to exploit some kind of ultraheavy petroleum for which we do not have the technology—a system to exploit petroleum with multinational companies with specialized technology could be created. I mentioned this as a future possibility, not as a decision of my government.

We in Democratic Action have never discussed the possibility of modifying Article 5.

[Reporter] [Words indistinct] budget for 1993?

[Perez] That is a difficult process and it is still being discussed.

[Reporter] How will the price of petroleum, equilibrium, and the exchange rate be established?

[Perez] The important thing is not to make exaggerated decisions that would later complicate budget compliance, because unrealistic changes have been made.

[Reporter] Mr. President, what is your message to the small- and medium-sized industries that are opening their congress on the evening of 3 September in Barquisimeto?

[Perez] I will be there tonight. It would be discourteous on my part to send them a message from here when I will be there tonight. [reporters laugh]

[Reporter] Mr. President, what is your opinion on the arrest warrant issued for Confederation of Venezuelan Workers president Antonio Rios, who is now being...

[Perez, interrupting] I have addressed that issue on previous occasions. Somebody asked me if I could intervene. No, I will not. The courts' decisions are fully respected by the government. Citizens Antonio Rios and Eugenio Sanchez Pina voluntarily surrendered to justice, and I understand the judge informed them of the warrants for their arrest on 3 September. The National Guard reportedly transported them. I hope Antonio Rios can clearly explain his conduct and prove he is innocent.

[Reporter] [Words indistinct] persons could purge the institutions and help...

[Perez, interrupting] I think this demonstrates that the judicial and executive branches are determined to implement the law in all cases.

[Reporter] Mr. President, journalist Jose Vicente Rangel has said you acted as a sheriff of the military prosecutor.

[Perez] I would rather not comment on those remarks.

[Reporter] Mr. President, the Senate is again discussing the proposal for a reduction of the presidential term. I understand a majority is prepared to approve that reduction. What do you think about this?

[Perez] If it were to happen, it would be a serious error in the democratic system. In the days of authoritarian rule it was believed that rulers received their power from God and therefore their power was limitless. Under democracy, it has been established that chiefs of state who are elected by the people and who represent the unity of the nation have a set period of time to serve. That period can be interrupted only if the president is impeached. Presidents, in spite of their chief-of-state status, are not exempt from answering for their actions. That would be the only reason to reduce a president's term in office.

I think a reduction would be a serious mistake that would set a terrible precedent.

Here is a contradictory situation that worries me because it creates doubts about politicians' credibility: An overwhelming majority has rejected the proposal calling for a referendum to include a repeal clause in the Constitution, but an effort is being made to impose a temporary disposition to void the rejection of the proposal and to act, not against the president, but specifically against the current branches of government. Some say that goes against the president, and others say it goes against constituted powers. This is the sort of situation that is ill-advised and harmful to democracy. It is something that has emerged in this time of turmoil.

[Reporter] It looks like the idea of postponing the constitutional reforms is gaining ground. Do you think a postponement would be desirable?

[Perez] I have not stated my position on that subject. As chief of state, I think the wise thing for me to do is to listen to the debate and, if at a given moment I find it suitable, I would express my opinion.

[Reporter] President, you have worked to gain support for the financial bills in Congress. Do you have any hopes that those bills will be approved soon?

[Perez] I have more than hopes. I have said that those bills are essential, and that if the correct decisions are not made, the country could be led to a catastrophe. The bills were presented the very moment that my administration undertook the adjustment process that has saved Venezuela from hyperinflation with a capital H. In 1989 there would have been hyperinflation had I not courageously adopted measures to save Venezuela from such a dramatic eventuality.

The letter of intent presented to the IMF, a letter that was widely discussed by Congress and the people, states that those bills were to be approved in 1990. Had they been approved, we would not have the deficit we have now.

[Reporter] Are you proclaiming yourself the savior of Venezuela, Mr. President?

[Perez] That is a ridiculous phrase that is not for me to use. I am proclaiming myself a president who has known how to fulfill his duties.

Senate Rejects Reduction of Presidential Term

PA0409023392 Caracas Venezolana de Television Network in Spanish 0000 GMT 4 Sep 92

[Text] Against all expectations regarding the possibility of the Senate approving on 3 September a reduction of the presidential term as part of the reforms to the Constitution, the senators voted against the decision.

One abstention and the absence of former President Rafael Caldera granted the majority to the senators who preferred to support the country's political stability by rejecting a proposal that would have only had a negative impact on Venezuela.

The current authorities will complete their term in 1993.

After six hours of heated debate at the Senate, the senators decided to reject the proposal to reduce the presidential term, as well as the referendum to move up the national elections.

The Democratic Action bloc triumphed with 24 votes against 22 and one abstention. Rafael Caldera did not show up for the debate.

[Begin former President Jaime Lusinchi recording] A decision to reduce the presidential term would have been a very serious demonstration of immaturity. Such a decision is unheard of in any country in the world. We would have therefore set a precedent that would have meant little less than jumping into an abyss. [end recording]

[Begin former President Luis Herrera Campins recording] I believe these are very difficult moments for national life, a moment in which we had the possibility of a less dramatic solution to the crisis than shortening the presidential term. We all must work so a referendum is held so the people may approve the national constitution and we can have a positive result. [end recording]

The senators did not only discuss the issue of reducing the presidential term. They also discussed the issue of freedom of expression.

As a result, they approved Article 22, which addresses personal intimacy, honor, good name, and reputation. The text of the article was approved just as it came from the Chamber of Deputies.

Article 25, which substitutes for Article 66 of the current Constitution, was also approved to establish that the anonymity or a monopoly of the media are not permitted.

Finally, controversial Article 26 was approved, thus granting Venezuelans the right to reply and freedom of communication.

On 4 September the two legislative chambers will hold a joint session to agree on the extension of exception measures and some additional allotments.